

EUROPEAN NEWS

Ideology loses its grip on Hungary's youth

BY LESLIE COLLITT IN BERLIN

MARKIST-LENINIST ideology which underpins the Communist system in Eastern Europe has been rejected by a "decisive majority" of Hungarian youth, according to a sociological study published with the support of the Hungarian Communist Party.

The findings confirm the privately expressed view of East European Communists who admit that the party's ideology retains little influence today on the younger generation. It marks one of the rare instances where such conventional wisdom has been made public in Eastern Europe.

One of the sociologists, Mr Laszlo Boros, interviewed recently on Hungarian radio, said that "no definite political convictions" is held by the great majority of young Hungarians. What they learn in political education in schools and universities "remains on the surface for them."

The findings of Mr Boros and a fellow sociologist appear in a collection of studies on Hungarian youth in the 1980s by sociologists, economists and philosophers. It has been published in Budapest under the auspices of the central commit-

tee of the Hungarian Communist Party which has become one of the most self-critical in Eastern Europe.

Mr Boros said that his research showed a "lack of ideology exists" among young Hungarians and that "every-day ideologies" replace the political ones.

He noted that this "relative void"—described in the book as "keeping distant from politics"—left the opportunity for almost "any kind of political ideology" to enter the "empty space" in conflict situations. He added, however, that this did

not mean there now exists a "definitely hostile ideology" among young Hungarians.

The study shows young people in Hungary are in favour of individuality and independence instead of the "collective ideals" of the Communist Party. Mr Boros said the concept of "collectiveness" is being "entirely driven out of the thinking of young people." But he explained this could not be "forced on young people ideologically." They could be made to accept it, he suggested, if they became part of "true collectives," by which he primarily meant "self-organising" ones.

Simultaneously, the Hungarian Communist Party's social revival, Tarsadalmi Szemle, said the stagnation of living standards, entailing difficulties in getting started in life, has increasingly affected younger Hungarians. A scarcity of resources for technological and economic development was said to be another factor unfavourably affecting their lives. The publication said this "accumulation" of problems made it more difficult for a "section of intellectuals" to fit into society and to "identify themselves with its realm of values."

Accord on Polish farm aid near

By Christopher Bobinski in Warsaw

AGREEMENT IS near between church and state in Poland on a Western aid scheme for private farmers which will channel donations through a foundation established by the Roman Catholic Church.

The foundation's draft legal status drawn up by the two sides last week has now been approved at a two-day meeting of Polish bishops.

Some \$28m has been budgeted for pilot projects next year. Half of the money has been promised by the U.S. Government and the Catholic Church in North America. The balance is expected to be pledged by the European Community countries.

Negotiations on the issue have already lasted two years and the question of waiving customs and tax payments on the foundation's activities remains the final stumbling block.

Under the scheme Western farm equipment is to be sold to private farmers at market prices and the resulting proceeds to be invested in infrastructural projects in the countryside. The tax issue could well be raised at a meeting expected this weekend between General Wojciech Jaruzelski, Poland's military leader, and Cardinal Jozef Glemp.

OECD CHIEF RETIRES

Economic diplomat who survived the monetarist onslaught

BY DAVID MARSH AND DAVID HOUSEGO IN PARIS

MR EMILE VAN LENNEP, who this week ends 15 years as Secretary-General of the Organisation for Economic Co-operation and Development, is particularly well placed to feel the harsh pace of international economic adjustment.

For the 24-nation OECD, spawned after the war as a talking shop for the industrialised countries' economic problems, lost its pivotal role during the last decade of recession and monetary disorder and has not yet quite found another.

Mr van Lennepe, a 69-year-old Dutchman, is stepping down at a time when self-confident go-it-alone policies in the U.S. and the abandonment of Keynesian demand management measures have pushed the OECD off the centre stage of international economic co-ordination.

The Reagan Administration, which came to power frankly suspicious of the OECD, has kept it on a tight leash. And despite still-mounting unemployment, the OECD's "economic theory" propounded in the late 1970s to try to speed world growth by boosting demand in key countries, has been well and truly shunted into the sidings.

Mr van Lennepe has responded by promoting the organisation in a new role as a brains trust for ideas which are now in the forefront of international policy-making—"supply-side" measures aimed at cutting government intervention and improving flexibility of national economies.

He takes credit for maintaining the OECD during the last few difficult years as a bridge for economic dialogue between the U.S., Europe and Japan, which among other things has helped prevent a retreat into 1930s style protectionism. At the same time the organisation has moved into new spheres such as bringing together Finance and Social Affairs Ministers for work on improving the economics of the welfare state.

Mr van Lennepe, who started his career on the international financial circuit with the Netherlands treasury and central bank after the war, has inevitably faced accusations that he has steered the organisation too meekly along lines set down in Washington.

In practice, however, his room for manoeuvre has been tightly constrained. Partly because doubts over the reliability of economic forecasting, and increased uncertainties over exchange rates after the breakdown of the Bretton Woods system, Mr van Lennepe says the emphasis of international economic collaboration has changed.

"It has shifted away from generally agreed demand management to action to improve the health of individual countries within a medium term framework." This shift unavoidably gives the OECD a lower-key role.

Mr van Lennepe now agrees, with hindsight, that the OECD's stress in 1977-78 on concerted measures to stimulate the world economy was a mistake. "With the knowledge that we have today, we should have put more emphasis on improving structures (of national economies)," he says.

The OECD's move away from macro-economic demand management is not simply a result of pressure from the U.S. and other governments disenchanted with Keynesianism. In tandem with the now-discredited "concerted action" programme, the organisation itself in 1977-78 pioneered concepts of increasing flexibility of labour markets and cutting subsidies as a precondition for restoring growth.

"Realistic and market-oriented policies," says Mr van Lennepe, are being adopted "not because this is an American approach—but because it is the right approach. There is an

international consensus that there is no alternative."

Nevertheless, the swing in the OECD's role, illustrates the fundamental limits of the organisation's powers. Unlike the International Monetary Fund or the Bank for International Settlements, it has no executive powers or cash of its own to lend.

The secretary general in his public statements, and the OECD's economic staff in the organisation's reports and analyses cannot formulate policies which deviate too much from the consensus of its main member governments.

"We have to create credibility and make the governments interested in what we do," admits Mr van Lennepe—a guiding precept for his successor, M Jean-Claude Paye of the French Foreign Office.

Mr van Lennepe, who has no formal training, makes clear his own function has been to oil the wheels of

economic diplomacy. "I set myself an objective to be flexible, to adapt to changing circumstances. I'm not here to pursue ideological or political views but to serve impartially."

Serving the OECD's main master, the U.S. Government—which contributes 25 per cent of the organisation's budget, and has been making increasing noises about getting "value for money"—has been a delicate task. The organisation shared in initial European scepticism over the Reagan Administration's economic policies.

It has been the main forum over the past three years at which advice has been hurled at the Americans to reduce their budget deficit, lower interest rates, cut the current account deficit and bring down the spiralling dollar.

The fact that the U.S. economy, in spite of forecasts to the contrary, is still going forward, has hardly increased Washington's respect for the value of OECD judgments on Reaganomics. This is in spite of the view in some circles that the U.S. recovery owes much to its highered financial relations along the lines once championed by the OECD.

In spite of the conflicting pressures, Mr van Lennepe believes that the OECD can still play a role in allowing both the U.S. and Europe to learn from each other.

He cites the success of the organisation's conference in February on improving the workings of labour markets. Both the French and the Americans, through "ideologically far apart," came out "entirely satisfied that this was a good performance," he says.

Such examples do not necessarily hit the headlines. But a recognition of the OECD's move away from the footlights to behind the scenes of international policy-making, Mr van Lennepe says: "We are doing a lot of things which will only surface much later."



Mr van Lennepe... promoting the OECD as a brains trust

Portugal's trade gap narrows to Esc 231.5bn

By Our Lisbon Correspondent

PORTUGAL'S TRADE deficit narrowed to Esc 231.5bn (\$1.76bn) during the first seven months of this year, a 4.5 per cent improvement on the same period last year. Official figures show a 1.1 per cent increase in exports and a 9.5 per cent drop in imports in dollar terms.

Trade with the EEC was Esc 5.4bn (\$42.7m) in surplus, compared with an Esc 47.4bn (\$24.8m) deficit a year earlier. Britain was the main customer, importing goods worth Esc 64.2bn.

Basque riots fail to halt Eta extraditions

BY TOM BURNS IN SAN SEBASTIAN

SUSTAINED RIOTING by extreme Basque nationalists and a general strike on Wednesday failed to prevent the arrival in Spain in the early hours of yesterday morning of the first members of Eta, the Basque separatist organisation, to be handed over to Spanish courts by the French authorities.

The extradition and the transfer of three Eta members to Madrid's Carabanchel prison was greeted with relief and satisfaction by Spanish officials.

The three, who staged a six-week hunger strike during the prolonged legal wrangle over their extradition, were taken by

ambulance in a convoy of police cars to the prison's hospital wing shortly after 2 am. They had been flown by helicopter from Paris to an air force base on the outskirts of Madrid.

The extraditions mark a crucial precedent. Sr Alfonso Guerra, the Spanish Deputy Prime Minister, said the Government would now seek the handover of other Eta refugees in south-west France who are wanted by the courts on terrorism charges.

Spanish officials believe that their view of Eta as an outlawed band of violent, common criminals has been vindicated and that Eta can no longer

claim the status of a liberation movement nor argue that its activities are politically motivated.

Both Spanish and French officials have stressed that the lynxpin of the extradition move was the recognition by Paris that Spain was a stable democracy, and that urban guerrilla tactics were therefore unwarranted.

Rioting in the Basque country, and particularly in the San Sebastian area, continued well into Wednesday night. More than 50 people were arrested during the disturbances and many more were temporarily detained. A feature of

the demonstrations was the considerable show of strength and the expertise employed by the security forces. Despite numerous baton charges and repeated use of smoke bombs and rubber bullets, no serious injuries were reported.

San Sebastian returned to normal yesterday but the frontier with France at Irun remained closed for the second day as French truck drivers refused to cross without guarantees about their safety. At least 1,000 lorries were parked in the frontier area and many more were held up several miles back from the border.

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Trial of 48 Turkish intellectuals announced

BY DAVID BARCHARD IN ANKARA

THE ISTANBUL martial law authorities have begun proceedings for the trial of 48 intellectual and professional figures who belonged to the pre-coup Turkish Peace Association, in a move which may severely embarrass the civilian government of Mr Turgut Ozal.

The accused face up to 15 years in gaol for membership of the association. They include Turkey's most famous satirist, Mr Aziz Nesin, as well as former unionists.

The Turkish Peace Association, which was linked to the Moscow-based World Peace Council, was virtually unknown in Turkey at the time of the 1980 coup, but its limited membership included most shades of liberal and left-wing opinion.

Twenty-three members of the Peace Association's executive committee, including Mr Mahmut Dikerdem, a former ambassador to India, and Mr Orhan Adayin, the former president of the Istanbul Bar Association, have spent nearly two years in gaol since an earlier trial of

members of the organisation. The intellectual list of members of the left wing union confederation Disk and the earlier Peace Association trial caused international problems for Turkey and played a part in the freeing of \$500m (\$544.6m) of European Community aid under the fourth financial protocol.

Most gaol-bred unionists have now been freed, but last month the court of appeal ordered that the earlier Peace Association trial prisoners should stay in gaol pending a retrial. Their release has been widely predicted.

No date has been set for the first hearing of the case and for the time being the 48 defendants will remain out of prison on bail.

FINANCIAL TIMES, USPS No. 59890, published daily except Sundays, 400 pages, 10c per copy, 1984 subscription price \$240.00 per annum. Second class postage paid at New York, NY, and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 ERIE ST., NEW YORK, NY 10022.

EUROPEAN NEWS

Bonn fear of Soviet economic chill fades

By Rupert Cornwell in Bonn

TO THE profound relief of the Bonn Government, the Soviet Union has sent unmistakable signals that it intends to keep economic relations safely clear from the diplomatic campaign it is conducting against West Germany.

The most tangible sign came this week with confirmation by Mr Vladimir Semionov, Moscow's ambassador here, that the postponed top level meeting of the Soviet-German economic commission is likely to take place before the end of the year in Bonn.

The gathering had been scheduled for September 24 but was put off following the sudden death of Mr Leonid Kostandov, the Soviet deputy premier and leader of the Soviet team on the commission.

But in the wake of the Moscow-dictated decisions of both Herr Erhard Honecker and Mr Todor Zhivkov, leaders of East Germany and Bulgaria respectively, to call off planned trips here, the fear was mounting that the diplomatic freeze was spreading to economic contacts.

Bonn moreover has been heartened by the comparatively conciliatory tone of Mr Andrei Gromyko, the Soviet Foreign Minister, at his private meeting with Herr Hans-Dietrich Genscher, his West German opposite number, on the sidelines of the United Nations Assembly in New York this week.

According to West German diplomats, Mr Gromyko largely avoided reference to the barrage of "revanchism" accusations against Bonn in the Soviet Press. He also favoured the maintenance of economic and cultural ties.

Dublin's muddled milk figures take smile from Irish eyes

BY IVO DAWNAY IN BRUSSELS

IRISH EYES are decidedly unsmiling among the farming community this week following the revelation that the Dublin Government has drastically underestimated last year's milk production figures.

Output in 1983 was a crucial component in the equation devised for Ireland's milk producers who won in the face of fierce opposition, a special deal for the domestic dairy industry. With threats of unravelling the EEC's entire farm reforms package, Dr Garret Fitzgerald, the Prime Minister, even went so

far as to storm out of the March Brussels summit over the issue—though the Dutch, for one, thought that he was merely answering a call of nature.

Such misunderstandings were finally resolved at the end of that month when Ireland's intransigence won it a marked advantage over the other nine on the terms of the superlevy. This allowed Irish farmers to increase 1983 production by 245,000 tonnes, or 4.6 per cent, while other nations faced cuts of up to 7 per cent.

So why now are there

distinctly red faces among Agriculture Ministry officials of the Emerald Isle?

The problem lies with Ireland's milk production for last year. Under the terms of the final deal, Dublin's bonus was agreed on 1983 production estimates of 5.28m tonnes. But, now, Mr Austin Deasy, the Irish Farm Minister, claims that the final figures on output show that, in fact, production was 5.33m tonnes.

He has asked, therefore, for the total Irish figure for the current year to be increased by the 60,000 tonne

difference before the new punitive levy comes into effect.

Certainly not, the European Commission has replied, adding that Ireland might just have overestimated 1983 production, as any sensibly partisan EEC state would almost certainly have done in similar circumstances.

Dublin is now faced with the embarrassing task of having to raise the issue at the next farm ministers' council. But even from its privileged position as the current president of the Farm Council there is likely to be

little or no sympathy. Embattled Irish Agriculture Ministry officials are now playing down the claim that the missing 60,000 tonnes—nearly a tonne for each Irish milk farmer—can be recovered through a simple "technical adjustment."

"In justice, in logic and in any other way, we have a case," one said last night. Unfortunately for the 70,000 Irish dairy farmers, not to mention Mr Deasy, justice and logic are remarkable only for their lack of bargaining power in Brussels' corridors of power.

Greece hints at delay over enlargement

By Andriana Ierodiakonou in Athens

GREECE IS sending signals to its European Community partners, that it will be reluctant to approve the accession of Spain and Portugal unless a special financing scheme for the Mediterranean regions is approved first.

The Commission-proposed Integrated Mediterranean Programmes (IMPs) foresee new spending programmes of Ecu 7,351bn (€A.32bn) over five years to benefit Greece, Italy and France. Their approval at the Council of Ministers level is mainly being opposed by Britain, West Germany and Ireland which believe financing for the Mediterranean regions should come out of existing Community funds.

Greek Government officials yesterday confirmed reports in the local financial Press that the Prime Minister, Andreas Papandreu has sent a personal letter this month to the Nine on the subject. Greece is mainly worried about competition from Spanish agricultural products, such as olive oil.

Commission proposes 95 octane standard for lead-free petrol

BY PAUL CHEESRIGHT IN BRUSSELS

LEAD-FREE petrol, which should be freely available at service stations in the European Community from 1989, will be of 95 octane—one octane below four-star standard—if the European Commission has its way.

The Commission's technical proposal, published yesterday, was requested by environment ministers last June when they agreed in principle that new car models should run on lead-free petrol from 1989.

But it comes at a time of increasing political turbulence in the EEC over the more general issue of how and when to tighten up pollution controls on car exhausts.

This has been caused by a West German government decision. The Bonn cabinet wants all new cars to be fitted, from 1989, with an anti-pollution device called the catalytic converter. Cars with engines of, or more powerful than, two litres would need the converter two years earlier.

Both France and the United Kingdom have told the Bonn Government that this is too fast.

The Commission said yesterday that it was examining the West German decision, which does not yet have the force of law.

The decision could serve to isolate the West German market from manufacturers not prepared to meet the West German standard. The use of incentives inside the country to promote the introduction of converters is seen as threatening Community competition law. Fears are widespread that the free circulation of goods will be impaired.

M. Laurent Fabius, the French Prime Minister, has sent a message to Bonn on the issue. Britain has told West German officials in Bonn and London that, although the Government sympathises with all new cars to be fitted, from 1989, with an anti-pollution device called the catalytic converter. Cars with engines of, or more powerful than, two litres would need the converter two years earlier.

The Commission will follow up its proposal on octane ratings with suggestions, also next month, on new emission standards for cars. It has taken the attitude that

West Germany rejects call for speed curb

By Our Bonn Correspondent

CALLS FOR sharp cuts in West German road speed limits as a means of reducing atmospheric pollution have again been rejected by the Government, despite statistics issued this week which appear to suggest that the number of six trees has roughly doubled in the past 12 months.

Lower Saxony's agricultural ministry reported that the proportion of trees damaged by air pollution has jumped from 17 to 29 per cent. Baden-Wuerttemberg, which contains the heartlands of the Black Forest, now claims that two-thirds of its woodlands are afflicted, twice as much as a year ago.

Baron Franz Riederer von Paar, chairman of the German Forest Association, demanded yesterday that low exhaust emission equipment be made compulsory for cars from 1986, and called for an immediate 100 kph speed limit on all motorways.

Herr Werner Dollinger, the Transport Minister, argued, however, that such a measure would only reduce nitric oxide emissions by 3 or 4 per cent.

Dooge's team gets down to work

BY OUR BRUSSELS STAFF

PERSONAL representatives of 10 EEC heads of state and government meet for the first time in Brussels today charged with drawing up a blueprint for the Community's long-range development.

The committee, consisting of a variety of government ministers, former ministers, senior civil servants and MEPs, is supposed to recommend how to improve the functioning of the Community—including the relationships between the different institutions such as the European Parliament, the European Commission, and the Council of Ministers—and on the ways in which it can move forward.

Controversy both over its membership and chairmanship

has delayed the launch of the so-called "ad hoc committee on institutional affairs," set up by the last European summit meeting in Fontainebleau. It is now going ahead under the chairmanship of Senator Jim Dooge, former Irish Foreign Minister and a respected academic, although he is relatively unknown in Europe.

Membership of the body is similar in its range to that of the former Spaak committee, which laid the groundwork for the original Treaty of Rome founding the Community.

Several heads of state have nominated junior foreign ministers or the civil service heads of their foreign ministries, including Mr Otto Moller of Den-

mark, Mr Grigoris Varfis of Greece, M Jean Dondelinger of Luxembourg, Mr W. F. van Eekelen of the Netherlands, Mr Malcolm Rifkind for the UK and Herr Jurgen Ruhfus of West Germany, the immediate past ambassador to London.

Former government ministers include: M Maurice Faure of France, a close adviser of President Mitterrand and original signatory of the Rome Treaty; Sig Mauro Ferri of Italy, who was also chairman of the European Parliament committee which published a draft treaty of European Union, and Senator Dooge. Belgium has nominated M Fernand Herman, another MEP.

Government concern over Renault

BY PAUL BETTS IN PARIS

INDUSTRIAL UNREST continued to disrupt production at three large Renault plants yesterday as the broadening labour conflict at the French state-owned car group caused increasing anxieties to the Socialist Government.

Michel Delebarre, the Labour Minister, expressed concern about the situation, especially if the unrest disrupts the launch of Renault's new R-5 mini car.

"The most important thing for a large expert enterprise like Renault is the success of the launch of its new car," he said yesterday.

There was disruption yesterday at Renault's Clon engine plant, the Sandouville plant

where the R-25 top-of-the-line model and the R-16 are manufactured, and Douai, the company's most modern factory where the R-11 is built.

Although production was not completely halted at any plant, the disruptions were none-the-less important. At Sandouville, trade union members barred the main road to the plant to prevent coaches bringing in workers.

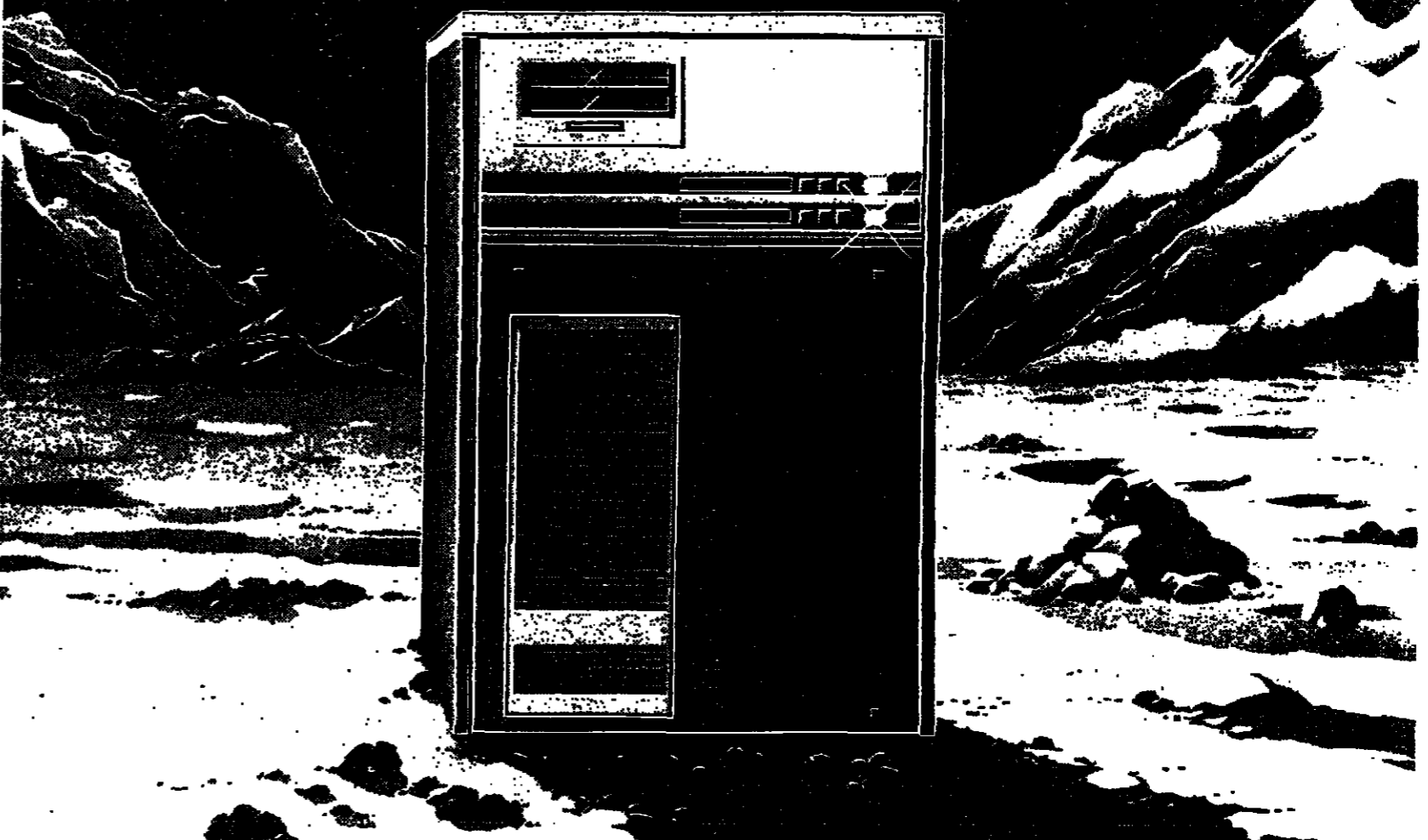
Output at several factories has been disrupted this week as the unions, led by the pro-Communist CGT confederation, have sought to put increasing pressure on Renault, which is threatening redundancies involving 15,000 to 20,000 people in an effort to cut heavy losses

and debts.

Both the unions and the company, however, have sought so far to avoid a serious confrontation. Indeed, the large Renault plant at Flins, which employs about 17,000 people and where the new R-5 production is concentrated, was working normally yesterday after being disrupted on Wednesday. The large Billancourt factory, where the R-4 is made, was also unaffected.

Renault has tried to resolve the wave of labour problems on a plant-by-plant basis, although the unions have called for "global negotiations" on broad strategic and employment issues as well as on salary and bonuses.

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From The Hotspur 2.10.48.

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From The Economist 15.9.84.

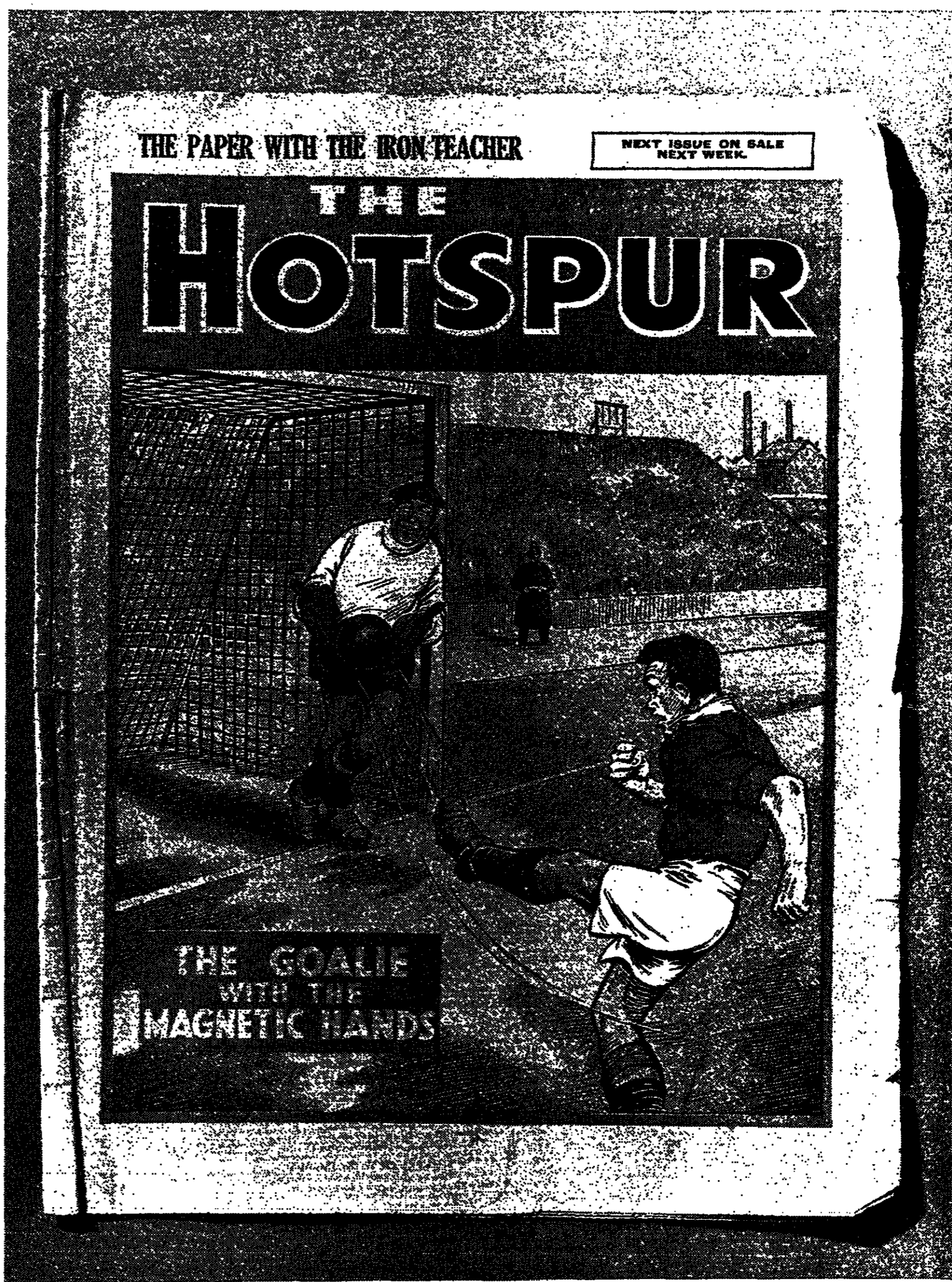
Spain's professional footballers stayed at home last Sunday and thoroughly enjoyed their rest. The fans were sick as parrots.

On September 9th, amateurs and juveniles substituted in league games for the stars. Average attendance plummeted to a tenth of normal, hardly enough to pay for stadium upkeep.

Barcelona's new Scottish signing, Steve Archibald, played safe and stayed on the touchlines, though he is not yet a member of the players' union.

This week the government has been trying to blow the whistle as the players' and clubs' committees argue things out.

It is the third time that Spanish players have gone on strike for better conditions, but this time they were united. A union meeting of more than 600 professional players voted almost unanimously to stay off the pitches.



London's County Hall into Tammany Hall. He deserves to be kicked out of it—even if he won't be."

Later in the same issue we reviewed the hottest toy in America and some rather shady dealings at Lloyd's of London.

For the curious and intelligent reader, The Economist can provide insights not found elsewhere. We have readers in 160 countries and in thousands of boardrooms. Recently, we looked at the top 200 UK companies and listed 109 Chairmen who were happy to acknowledge publicly they were regular readers of The

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The Economist

AMERICAN NEWS

How MacGregor's old adversaries settle disputes

BY TERRY DODSWORTH AND PAUL TAYLOR IN NEW YORK

AFTER YEARS of dealing with problems of the U.S. coal mining industry Mr Ian MacGregor must feel like a man from Mars facing the UK mining union. The U.S. union's members were voting yesterday on a new 40-month contract for the industry after negotiations which have paralleled the dispute in the UK over job security. The jobs question, however, was the only major common element between the two sets of talks. Otherwise the U.S. negotiations could hardly have been more different from the dispute in the UK which, only last week drove the chairman of the National Coal Board to pull a plastic bag over his head. Mr MacGregor was head of Amalgam of the largest U.S. mining groups, he was dealing with an industry which — unlike the monolithic structure of coalmining in the UK — is highly fragmented and only partially unionised. It is true that for the last 20 years the industry has never got through a bargaining round without a strike—the last strike in 1981 lasted 111 days. But this has never been a matter of



Scargill and Trumka... different schools

While some analysts see the jobs clauses as little more than window dressing, Mr Rich Trumka, the UMW's 35-year-old president, claims the agreement is a fair "no concessions" deal. If it is reached by his membership it will represent an important victory for Mr Trumka, a husky miner turned labour lawyer who grew up in a Pennsylvania coal mining town and was swept to union power in 1982 elections by campaigning as "an insurgent in a three piece suit," and promising to rebuff the union. Just like Mr Arthur Scargill in the UK Mr Trumka has already stamped his own style indelibly on the industry. Both men appear to have the energy of a miner behind a pickaxe. But Mr Trumka's methods appear to underscore the differences between having a U.S. legal training and Mr Scargill's classic UK left-wing union schooling. The current package would provide a more modest \$1.40 an hour or a 10.25 per cent wage increase over the next 40 months lifting a U.S. miner's top pay to about \$124 a day plus other benefits. The union has also won new contract clauses on job security which would require operators who sublease mines from union companies to give priority to hiring to laid-off miners.

Crackdown on Peru's murderous guerrillas

By Doreen Gillespie in Lima

A SHARP increase in sabotage and terrorist acts by the Maoist-inspired guerrilla organisation, Sendero Luminoso, has forced Peruvian President Belaunde Terry to adopt a tougher law and order policy with greater involvement of the armed forces. The greater use of the military has increased the seriousness with which the government now views the threat posed by Sendero Luminoso, the violent sectarian organisation which has defied four years of counter-insurgency operations. Since 1982 the military have been in charge of an "emergency zone" which includes 13 provinces in the departments of Ayacucho, Apurimac and Huancavelica. But now Sendero Luminoso has opened up a new front in the Alto Huallaga region on the jungle fringe of the Andes, some 350 miles northwest of Lima. Up to 1500 soldiers and marines have been sent to the region and the armed forces are gradually taking over from the police in counter-insurgency operations. In his annual message to Congress in July, President Belaunde said Sendero Luminoso had caused the death of 3,000 people in the previous 12 months, including 77 police and 30 political figures. Sendero Luminoso is recruiting mainly from the impoverished Indian peasants who have never been assimilated into Peruvian society. Despite the organisation's brutal methods, it thrives on a strong mistrust of authority due to years of neglect of the Indian population, and on the isolated, rugged nature of much of the terrain in the rural areas.

U.S. motor union officials confident of GM deal success

BY TERRY DODSWORTH IN NEW YORK

OFFICIALS of the U.S. United Auto Workers Union expressed confidence yesterday that the three-year wage package tentatively agreed with General Motors would be accepted by the 350,000 members in voting over the next two weeks. The leadership's optimism follows approval of the contract by the 300 representatives of shop floor workers in GM from plants throughout the country. Although there was some spirited debate on some of the points in the agreement, it was finally accepted by what was described as an "overwhelming margin." Militant opposition to the deal has centred on the wage proposals which have been described as "absurdly inadequate" by Mr Peter Kelly, the main leader of the union's Left wing. Basic pay will go up by an average of only 2 1/2 per cent in the first year of the contract, and by a similar percentage in the second and third year in bonus payments which will not be consolidated. In addition, the militants are unhappy about a major concession by the union in agreement to allow a widening of differentials between skilled and unskilled workers over the life of the agreement. The union has fought similar proposals for years, but now appears to have given way as part of a package designed to maintain jobs. The negotiators will also aim to counter criticism by pointing to the automatic cost of living and profit sharing elements in the agreement. According to the UAW, these could raise the basic pay of a major assembly worker to \$10.25 an hour, which was described as an "overwhelming margin."

Talks on Argentine pipeline loans

A DELEGATION from the Dutch Ministry of Finance and NCM, a credit insurance company in Amsterdam, is to visit Argentina later this year to negotiate the restructuring of payments on FI 2bn (\$530m) in loans from an international consortium of banks, including the Netherlands' ABN and Amro banks, Our Amsterdam Correspondent writes. The loans were for work carried out on an Argentine pipeline project by Nacap, a subsidiary of Royal Boskalis Westminster N.V., the Dutch dredging and construction company of Eindhoven. The 2000km pipeline will transport natural gas from south Argentina to the more densely populated north, where industry urgently needs fuel. Construction work on the pipeline began three years ago and was completed ahead of schedule early last year. Nacap has since been maintaining pipeline operations and is contracted to do so for another 12 years. Boskalis blames most of its FI 60m net loss over the first six months this year on delays in payment for the pipeline by Gas del Estado, the Argentine state-run gas distribution company. However, a portion of Argentine debts totalling FI 250m owed to Boskalis was taken over last year by the ABN and Amro banks, with NCM and the Dutch Government acting as credit insurers. The chief general manager of NCM, Mr Jan Hoeben, is encouraged by Argentina's agreement with the International Monetary Fund on an economic stabilisation programme.

Canute James investigates the Caribbean parallel economics

The haggling 'higglers' of Half Way Tree

THE MAIN road through the shopping plaza of Half Way Tree in uptown Kingston is lined by a row of makeshift booths covered by blue plastic. They are the retail outlets for a new type of entrepreneur which evolved in the island's financial difficulties worsened. The booths contain a range of imported consumer goods, mainly clothes and shoes. In contrast to their more established competitors in air conditioned stores a few feet away, these traders suffer the heat and the dust with stoic indifference. But they have their clientele, and competitors they are. The nearby shopkeepers have waged a wordless war against these "higglers" — a war which intensified when their status was elevated, in stereotypical Government jargon, to that of "informal commercial importers."

enon, but unlike their counterparts in Guyana at the other end of the region, Jamaica's higglers — or at least those who have followed the rules and are properly registered — are legal. With the Guyanese government maintaining a long list of banned items in an effort to conserve fast dwindling hard currency, the country's small traders run the risk of being on the wrong side of the law on both leaving and re-entering the country. Like the Jamaicans, however, the least that is needed to start is modest capital and market. The market is almost always there. The initial capital is for an Airline ticket. For the Guyanese, the ticket could be to any one of the relatively affluent neighbouring countries — Trinidad, Barbados or Brazil. For the Jamaicans, it is Miami, Panama, Puerto Rico or supposedly impoverished Haiti. Because of lack of hard currency to purchase goods overseas, the seed-corn for the Jamaican traders includes rum,

preferably aged and therefore more expensive, Jamaica's famed Blue Mountain coffee which commands a price four times that of other coffees, liquors and cigars. For the Guyanese, purchasing overseas for the local market is dependent on how much gold the trader can take out of the country. Mr Forbes Burnham, the President of Guyana, recently said gold smuggling was costing his fragile economy about \$360m (£274m) a year. What is taken back for sale depends on the state of demand in the domestic market. Guyana's list of banned items ranges from bread and other products made from wheat flour, through fruits to baby food. Jamaican higglers clearly regard shoes and shirts as sure-bets. But they thrive during the many shortages of basic foods. A recent absence of rice from the island's supermarkets coincided with offerings from higglers at J\$5 per pound—five times the officially controlled price. And it could be bought only if it were "married," in

nuptials organised by the trader, and involving perhaps a tin or two of condensed milk or mackerel. As in any other business, the minnows soon become separated from the whales. The Guyanese big fish comes to be armed with cash. This is exported illegally, having been bought, also illegally, at a black market rate of between three and four times the official rate. They supply the domestic market with motor vehicle parts and accessories, including tyres. Getting through—or rather around—Customs officers is a national game. But there are some who will pay the import duties because they can corner a seller's market at prices which are tolerated because of desperate need. The Jamaican wholesaler, of course, does not have plastic covered sheds. The fruits of their endeavours find themselves on the shelves of well established shops. Jamaican business leaders recently said that smuggling was costing local industry about J\$800m and J\$10m (£100m) per year. A threat from the Government to seize all illegal imports found in shops, and levy heavy fines on the owners, has led to a rash of sales in Kingston stores. Despite the questionable legality of the traders' operations, state-owned shops in Guyana have from time to time displayed goods which have been imported by the small traders. In any showdown with the law—or with big shopkeepers—the traders and higglers are likely to have the edge in popularity. Despite the high prices they are the lifeline for consumer goods to ravaged economies prone to shortages. The rewards for enterprise could not be that bad. "From what I bring in and sell, I buy a house up there," said Daphne, waving her hand in the general direction of nearby hills, covered by palatial residences. Sitting on a wooden stool at the back of her humid, plastic covered booth, she refused to disclose her surname. "I rent the house to a man for J\$4 a month, and I use it to send my three boys to high school."

U.S. 'to consider more aid to Nicaragua guerrillas'

BY TIM COONE IN MANAGUA

THE U.S. Senate Armed Forces Committee is discussing giving an additional \$50m (£41.5m) to Eight-wing Nicaraguan guerrillas, according to Sr Daniel Ortega, the head of the Nicaragua Government. He claimed that despite U.S. statements made in support of the Contadora peace efforts in Central America, these latest discussions "demonstrated the wish of the U.S. Government to continue its policy of aggression against Nicaragua." A previous request by the Reagan Administration for \$2m for the guerrillas was blocked by Congress. Last week the Nicaraguan Government announced that it was prepared to sign "immediately and without further modification" the revised peace treaty for \$2m for the guerrillas in aid by the Senate committee is an indicator of the hardline attitude towards a solution of the Central American conflict among influential Republicans. Our Foreign Staff adds: The timing of Sr Ortega's statement appears to coincide deliberately with the meeting today in San Jose, Costa Rica, of EEC Ministers, with their counterparts in the four-nation Contadora group and the five Central American countries. Although there is little likelihood of a new funds being approved for the anti-Sandinista guerrillas by Congress, mere discussion of a sharp increase in aid by the Senate committee is an indicator of the hardline attitude towards a solution of the Central American conflict among influential Republicans. Sr Ortega said that a rejection or questioning by the U.S. of the Contadora peace treaty would signify a rejection by the U.S. of peace and leave uncovered its intent to resolve the problem of Central America by military means and, in the case of Nicaragua, to seek the destruction of the Sandinista revolution. The Foreign Staff adds: The timing of Sr Ortega's statement appears to coincide deliberately with the meeting today in San Jose, Costa Rica, of EEC Ministers, with their counterparts in the four-nation Contadora group and the five Central American countries. Although there is little likelihood of a new funds being approved for the anti-Sandinista guerrillas by Congress, mere discussion of a sharp increase in aid by the Senate committee is an indicator of the hardline attitude towards a solution of the Central American conflict among influential Republicans.

Marchers demand political amnesty for Uruguay

MONTEVIDEO — About 30,000 people staged a night march through Montevideo to demand an amnesty for political prisoners and information on the fate of 142 people missing since the military seized power in 1973. Wednesday's demonstration, the biggest of its kind held so far in Uruguay, was backed by

trade unions and political parties. Troops stood guard as the marchers, some carrying lighted candles, filed in silence by the Military Hospital where nine political prisoners are undergoing treatment. The protest took place ahead of general elections scheduled for November to return Uruguay to democracy.

Commonwealth of Australia

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Table with columns for Coupon Bonds and Registered Bonds without Coupons, listing bond numbers and principal amounts.

Table with columns for Principal Amount to be Redeemed, listing bond numbers and principal amounts.

On November 1, 1984, the Bonds or portions thereof, designated above will become due and payable at the principal amount thereof, at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015. Coupon Bonds should have attached all unattached coupons appurtenant thereto. Coupons due November 1, 1984 should be detached and collected in the usual manner. Upon surrender of a registered Bond for partial redemption there will be issued, at the option of the holder, registered Bonds or coupon Bonds, of authorized denominations for the unredeemed principal amount. On and after November 1, 1984, interest shall cease to accrue on the Bonds, or portions thereof, herein designated for redemption.

COMMONWEALTH OF AUSTRALIA

September 28, 1984

NOTICE

The following coupon Bonds previously called for redemption have not yet been presented for payment:

Table listing coupon bond numbers and principal amounts for redemption.

Equipment failure delays missile launch

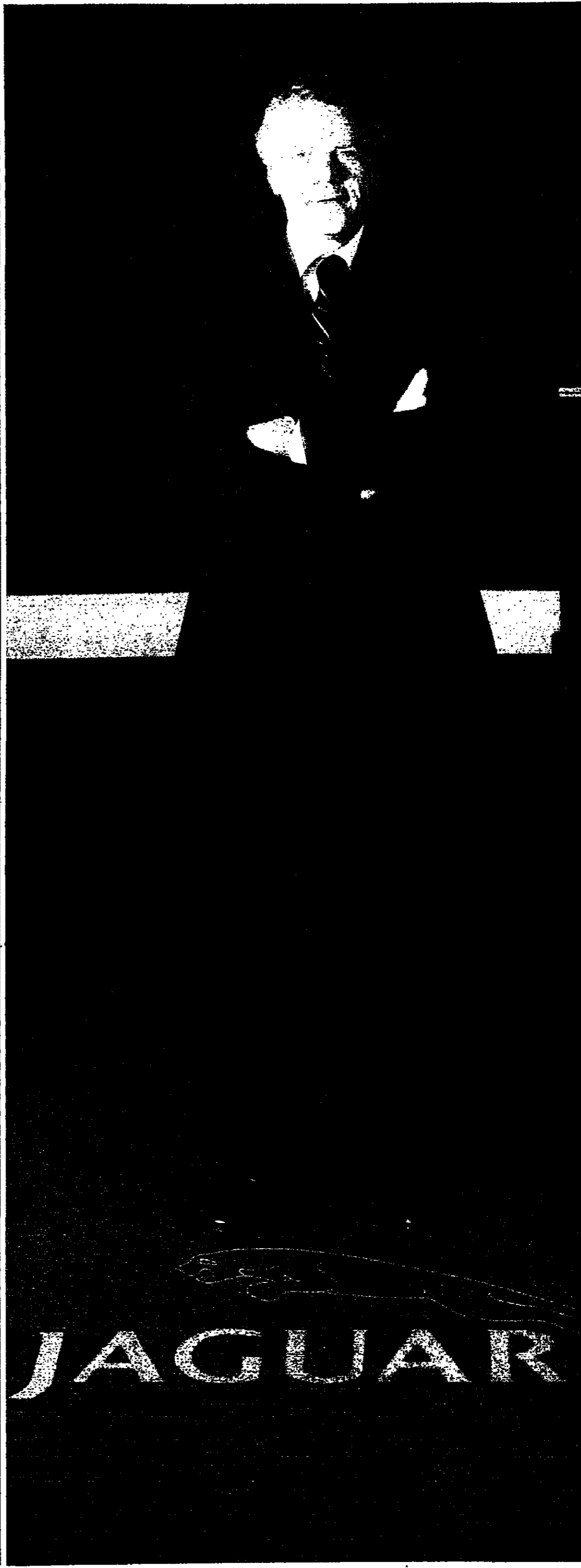
THE test launch of an unarmed MX missile from Vandenberg Air Force Base in California was delayed yesterday when a problem in a ground system automatically shut down its on-board guidance system. A piece of ground support equipment, not connected to the rocket, failed during the countdown and equipment checkout, said Captain Ken St. John, deputy director of public affairs at the base. Air force engineers were attempting to determine exactly where the failure occurred. "It's not part of the missile that flies," he said. "The missile is fine. If we didn't want to take any data and we didn't care about the safety system, it would work just fine." Capt. St. John declined to be more specific about the failed equipment. It was to be the sixth launch of the MX from the base, 150 miles north west of Los Angeles. Missiles from there are routinely launched to the Kwajalein Atoll in the Marshall Islands of the South Pacific. AP

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WORLD TRADE NEWS

Oil majors lead UK exporters

Financial Times Reporter

OIL MAJORS continue to dominate Britain's visible export league, but there has been considerable shuffling of the order among manufacturers in the annual FT table.

At the top of the list, promotion is hard won. Large absolute gains or losses of export revenue may have little impact on a company's rating.

For example, British Shipbuilders registered an impressive £100m (£124m) increase in foreign earnings for a gain of only three places. Courtaulds put on £50m in holding its place, while IBM, new to the top 10 last year, added more than £200m. ICI reported an increase of nearly £300m.

Even allowing for the difficulty of making fair comparisons in any table of this kind, there have been some important changes in the order. The biggest leap was recorded by Texaco, up from 43rd to 10th.

Another fast mover was Talbot, which at number 47 has regained the spot it held two years ago. Talbot's recovery from a lowly 73rd place was mainly due to the renewal of its deliveries to Iran.

Meanwhile Standard Telephones and Cables continues to forge through the ranks, climbing 19 places this year after export successes with products such as marine cables.

Overseas earnings table reveals big contributors to British export effort

THE TOP 100 EXPORTERS - 1983

(Previous year's ranking in brackets)

Ranking	1983 Exports as % of turnover (£m)	1982 Exports as % of turnover (£m)	Ranking	1983 Exports as % of turnover (£m)	1982 Exports as % of turnover (£m)	Ranking	1983 Exports as % of turnover (£m)	1982 Exports as % of turnover (£m)
1	4,142	25.8	3,202	83	183	25.8	83	82
2	2,139	32.0	1,551	35	(27)	Davy	68	(78)
3	1,833	22.2	1,552	36	(37)	Ciba Geigy	69	(74)
4	1,416.9	60.8	1,317	37	(30)	GKN	70	(—)
5	1,142	37.0	1,125	38	(28)	Vickers	71	(49)
6	917	26.8	915	39	(31)	Plessey	72	(64)
7	834	23.8	894	40	(32)	Inco Europe	73	(59)
8	797	24.7	822	41	(—)	Petrofina UK	74	(—)
9	745	44.4	522	42	(35)	John Brown	75	(77)
10	529	21.1	133	43	(38)	Pearson	76	(71)
11	513	38.5	491	44	(44)	Esso Chemicals	77	(82)
12	454.4	40.3	425.7	45	(41)	Babcock Intl.	78	(76)
13	433	32.1(UK)	382	46	(52)	Westland	79	(72)
14	412	24.2	505	47	(73)	Talbot	80	(79)
15	411	12.0	452.2	48	(42)	Eng. China Clays	81	(81)
16	373.3	70.0	342.8	49	(49)	Grand Met	82	(87)
17	324	22.2	348	50	(57)	BTR	83	(—)
18	319	2.7	279	51	(50)	Dunlop	84	(83)
19	318.2	29.1	219	52	(51)	Wellcome Found.	85	(68)
20	279.2	18.6	222	53	(53)	Beecham Group	86	(92)
21	273.2	29.7	143.3	54	(54)	Reed Intl.	87	(—)
22	263	21.3	211	55	(55)	De La Rue	88	(86)
23	257.8	16.8	289.7	56	(57)	Assoc. Ocell	89	(85)
24	254.3	13.4	270.3	57	(33)	London & Scott	90	(—)
25	253	29.0	160	58	(47)	Marine Oil	91	(91)
26	252.8	31.0	267	59	(43)	Michelin Tyre	92	(88)
27	240	32.2	207	60	(58)	Albright & Wilson	93	(99)
28	238	27.3	251	61	(36)	Seagram	94	(80)
29	221.6	52.7	175.1	62	(39)	Rio Tinto Zinc	95	(86)
30	221	50.1	225.1	63	(75)	Ferranti	96	(84)
31	215.9	58.2	131.9	64	(54)	Cummins Engine	97	(—)
32	207.8	47.0	219.3	65	(48)	Caterpillar Tractor	98	(85)
33	202.4	7.5	194	66	(70)	Metal Box	99	(—)
34	198.5	20.5	172.4	67	(40)	IMI	100	(—)

NOTES: * Data not supplied for last year's table. † Massey Ferguson—last year's figures (£429.9m) based on 15-month figures. 1982 figure (y/e 31.1) £243.8m rebased on 12-month basis. ‡ Royal Y/e 31.8 1984. § Plessey—£170.5m 1983 exports, 1982—£134.8m (£106.3m attributed in last year's table for 1982 was incorrect). ¶ BTR—BTR's figures for 1983 include those of Thomas Tilling, whose exports in 1982 were £58.2m rank 50. †† Acrow—receives called in on September 5, 1984. ††† Case Tractor—formerly D. Brown Tractors. †††† Bedford Trucks—Bedford Trucks and Vauxhall are now separate subsidiaries of General Motors. 1982 Export figures were for Vauxhall, which included Bedford Trucks. Vauxhall's 1983 export was £28.5m. ††††† Allied Lyons—If goods were sold in UK at duty paid prices this would represent 6.7% of total UK turnover. ††††† Marks & Spencer—y/e 31.5. 1983 exports £264m, turnover £2,564.5m, percentage of exports on turnover 10.3%. ††††† Dowty figures are for exports and overseas turnover plus indirect exports. Companies which failed to supply export figures: Gulf Oil last year ranked 46; Arthur Guinness 65; B&S 52.

Metallgesellschaft to take delivery of E. German methanol

BY JOHN DAVIES IN FRANKFURT

METALLGESSELLSCHAFT, the Frankfurt-based metal, engineering and trading group, expects to begin taking delivery of methanol from a new East German plant in the middle of next year for marketing in West Germany and abroad. The deliveries will add significantly to Western supplies of methanol, which are also being boosted by new petrochemical installations in the Middle East. However, the company believes that new uses will increase demand for the material, which is generally used in making adhesives, plastics and solvents and as a petrol additive. Metallgesellschaft has signed a contract to take about 850,000 tonnes of methanol a year from a plant being built for the East Germans at Leuna by Voest Alpine of Austria. Engineering work has been carried out to Lurgi, Metallgesellschaft's process plant subsidiary. The West German group has been involved in trading in chemicals with East Germany ever since the war. It has been building up its worldwide trading activities in metals and chemicals in recent years, with an eye to the growth in barter and compensation deals.

Plant orders announced

BY RUPERT CORNWELL IN BONN

THE WEST GERMAN plant and heavy engineering industry, lately troubled by a decline in export orders, yesterday announced two large foreign contracts. The larger—although the company gave no price details—involves the supply by Mannesmann Demag, a subsidiary of the Mannesmann group of Duesseldorf, of a 210,000 tonnes a year special steel works to Yugoslavia. The deal comes as a fillip for Demag, which suffered losses and a 12 per cent fall in turnover to DM 2.9bn (£72m) in 1983. The second contract has been won by Deutsche Babcock, the Oberhausen-based plant engineering concern from the Danish energy utility Elkraft. It covers the installation of two heating stations. The order is reported to be worth some DM 132m.

Duty fixed for unlicensed car imports to Ireland

BY OUR DUBLIN CORRESPONDENT

IRISH MOTORISTS who attempt to import cars from next January will face punitive excise duties, according to the Automobile Association here. The Department of Finance announced that vehicles imported are permitted without licence for the first time since joining the EEC in 1971. Ireland will be adopting the Dutch system of levying duties. Mr Alan Dukes, the Finance Minister, was concerned to avoid the sudden loss of revenue which would follow free import of cheap second-hand cars from Britain. New cars are anything up to 25 per cent more expensive in Ireland and second-hand cars of similar quality can be 40 per cent or more dearer. Under the new system, excise duties will be applied on the Irish retail value of imported cars, not on their purchase abroad. The value will be calculated on a sliding scale of depreciation which has been set by the Finance Ministry. Duty will be 23 per cent for all but the largest cars. Cars up to three months old will be discounted 5 per cent of their new value; those a year old will qualify for 20 per cent discount, ranging up to duty-free import for vintage or veteran cars more than 30 years old.

Smaller Western groups do well at Plovdiv fair

BY PATRICK BLUM IN PLOVDIV

THE PLOVDIV International Trade Fair, Bulgaria's most important business event, is proving a boon for smaller Western companies this year. One reason is Bulgaria's decision to give greater autonomy to local enterprises to make their own deals with Western companies. "They have more authority now to deal directly and sign their own contracts," says Herr Horst Tschorn, a delegate from the West German Economics Ministry. West Germany, Bulgaria's largest trading partner in the West, is traditionally the biggest Western exhibitor at the fair. This year it has more than 200 companies represented. Total trade with Bulgaria was DM 1.7bn (£440m) in 1983, and this is expected to increase slightly this year. Herr Tschorn says the trade balance tilts heavily in favour of West Germany as there is a limit to what the West Germans can buy from Bulgaria. A representative from Mannesmann, the West German steel maker, says Bulgaria is one of the fastest growing markets in Eastern Europe despite its relatively small size. "The market in Eastern Europe is now concentrated all in Bulgaria," he says, as those of Poland, Czechoslovakia and Romania have declined. West German exhibitors are confident about their prospects although many cast an anxious eye towards the growing Japanese representation at the fair. Japan offers the same products as its European competitors, and the large Japanese corporations, with their own trading houses, are often better suited to handle business in Eastern Europe, Herr Tschorn says. The British presence, although still relatively small, is also expanding. In 1982 there were only 10 British companies at the fair. Last year there were 14 stands with about 30 companies represented. This year there are 24 and more than 60 companies. Two British companies, Rota-print and Denis Tyler, were given an award at the fair for their long standing as exhibitors. Cerglas, which sells dyes and processes for the manufacture of ceramic tiles, porcelain and glass, hopes to clinch a deal with a major state organisation.

Bulgaria still wants UK telephone exchanges

BY PATRICK BLUM

BULGARIA is still eager to buy Britain's System X telephone exchange or, failing that, a similar one from another Western country. Mr Etar Roussev, chairman of the Bulgarian Chamber of Commerce, said. Plessey and GEC, which developed System X, decided to drop their bid to sell the system to Bulgaria in July after agreement was reached in the Parliament-based Co-ordinating Committee by the Western allies (CoCom) by the Western allies to embargo sales of sophisticated telecommunications switching gear to the Soviet bloc. CoCom, which seeks to control the transfer of Western technology of military importance to the Soviet bloc, comprises Japan and all Nato countries except Iceland. Mr Roussev says he was surprised at "Britain's readiness to accept" what he describes as the Reagan Administration's insistent efforts to enlarge the CoCom list of proscribed products for sale to the East bloc. He says that companies in other Western countries, such as France, are interested. "France is very interested," he says, "but if we can't get it from as well companies in the West as well we'll produce it ourselves." The main competitor was NEC Corporation of Japan, but other Western European manufacturers such as L. M. Ericsson of Sweden, which is not a CoCom member, may still be interested.

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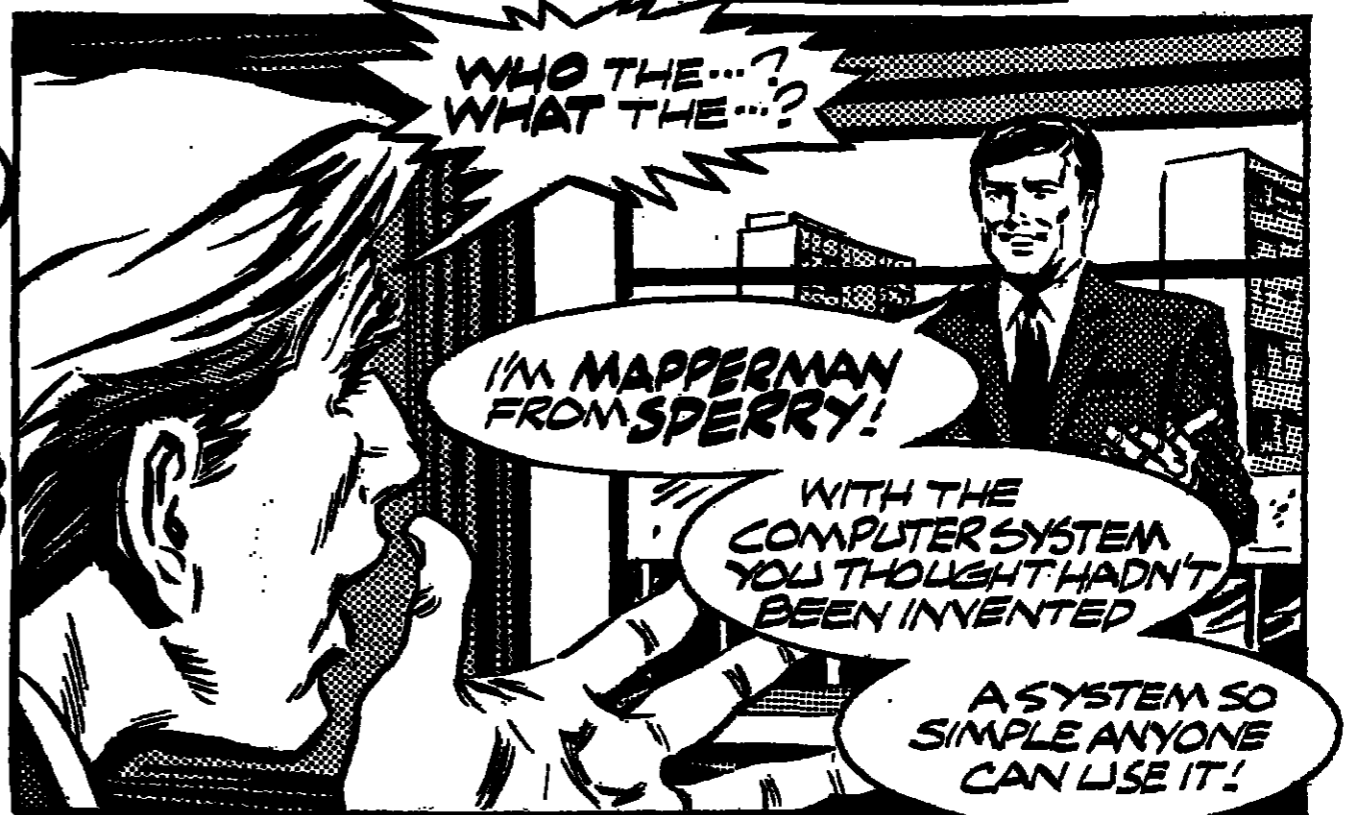
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WORLD CAR MARKETS

UNITED STATES					JAPAN					UNITED KINGDOM					WEST GERMANY				
		January-June 1983		%		1984		%				January-June 1983		%		1984		%	
Domestic Imports		3,335,028	73.32	4,246,343	77.53					1,983		%		1984		%			
Total market		4,548,519	100	5,476,843	100					297,742		43.16		414,437		44.12		1,082,977	
DOMESTIC*																			
General Motors		1,983,327	43.6	2,518,154	45.9					397,742		43.16		414,437		44.12		1,082,977	
Ford		758,263	16.7	1,009,184	18.4					252,858		27.3		327,421		35.88		1,082,977	
Chrysler		432,814	9.5	513,174	9.3					131,600		14.2		166,848		18.0		1,082,977	
American Motors		101,120	2.2	95,256	1.7					-		-		-		-		1,082,977	
Honda		16,861	0.4	65,670	1.2					-		-		-		-		1,082,977	
Volkswagen		42,643	0.9	43,901	0.8					-		-		-		-		1,082,977	
LEADING IMPORTERS																			
Toyota		282,117	6.2	269,458	4.9					278,962		30.2*		270,332		28.44		-	
Nissan		275,884	6.0	244,245	4.4					166,705		18.09		172,730		18.3		-	
Honda		181,963	4.0	195,873	3.5					-		-		-		-		-	
VW-Audi		89,969	1.9	99,344	1.8					-		-		-		-		-	
Mazda		89,101	1.9	82,030	1.5					-		-		-		-		-	
Subaru		79,319	1.7	78,549	1.4					-		-		-		-		-	
Volvo		48,028	1.0	57,014	1.0					-		-		-		-		-	
Mitsubishi		35,483	0.8	34,245	0.6					-		-		-		-		-	
Mercedes		35,780	0.8	40,526	0.7					-		-		-		-		-	

Fiat tops Europe's league

By Kenneth Gooding, Motor Industry Correspondent

THE MOOD in the world's major car markets varied tremendously in the first half of 1984. The U.S. was speeding out of prolonged recession and car sales in the six months were the best since 1979. Growth in the Japanese market also picked up as manufacturers there stimulated domestic sales in the face of continued protectionism in many export markets.

By contrast, car registrations in Western Europe declined by 2 per cent, mainly because of weak demand in West-Germany and France.

In the early part of the year some customers decided to wait until the German Government cleared up uncertainties about its plans to reduce pollution from cars.

Towards the end of the half-year sales were badly hit by the metal workers' strike which started on May 14, lasted seven weeks and stopped nearly all vehicle production in Germany.

Output of about 460,000 vehicles was lost, half of which would have been exported.

Some of the deficit will be made up, but Mr John Bagshaw, sales director of General Motors' Opel subsidiary, estimates that the strike will cost the German producer 250,000 sales spread across Europe.

General Motors estimates that total Western European car registrations this year will be about 10m compared with its forecast of 10.5m made at the beginning of 1984. That would match the 1983 performance.

Sales in the first half of 1984 in the 17 countries of Western Europe fell by 117,250 to 5,654,416.

Among individual manufacturers, Fiat has firmly established itself at the top of the European sales league.

At the end of June Fiat's share of the European car

market was 13.2 per cent, up from 12.1 per cent at the same stage in 1983.

Fiat has benefited from the relative buoyancy of the Italian market and the success of its new small car, the Uno. No fewer than 183,800 Unos were registered in Italy in the first half, putting the model well ahead of the Fiat Panda, in second place with 74,600.

Ford escaped the worst ravages of the German strike because it was able to draw on components from suppliers to its plants in other countries. So the U.S. group held on to second place in the European table with a 12.9 per cent share, up from 12.6 per cent.

The rapid advance by General Motors, the Vauxhall-Opel group, slowed considerably in the six months. This was partly because it was hit by the German strike. Also, it was well-known that the company was shortly to replace its European best-seller, the Opel Kadett/Vauxhall Astra.

Renault - last year's European sales champion - slipped to last place among the leading six companies in the first half of 1984.

Rankings at the end of June (with 1983's first half share in brackets) were: 1 Fiat 13.2 per cent (12.1 per cent) 2 Ford 12.9 per cent (12.6 per cent) 3 Volkswagen-Audi 12 per cent (12.2 per cent) 4 General Motors 11.6 per cent (11.5 per cent) 5 Peugeot-Citroen-Talbot 11.3 per cent (11.7 per cent) 6 Renault 10.6 per cent (12.4 per cent).

These companies are far ahead of BL, in seventh place with 3.9 per cent (3.8 per cent), and BMW and Daihatsu-Benz with 3 per cent each (3 per cent and 3.1 per cent respectively).

The Japanese share of the European market in the first half was virtually unchanged compared with 1983 at 9.8 per

cent (down from 9.9 per cent) in spite of a major improvement in Germany, biggest of the individual markets.

Japanese penetration in the half-year in Germany jumped from 9.7 to 11.8 per cent. Nissan, in particular, did well with a 36.7 per cent improvement in volume which pushed its market share up from 1.7 to 2.5 per cent.

The German domestic manufacturers bore the brunt of the 3 per cent fall in total car sales. Only Ford and BMW - because of its new 3-series model - improved their market shares.

Consequently, imports rose sharply. Fiat remained the leading importer in Germany, where both the Uno and the medium saloon, the Regatta, are doing well.

Peugeot also has a successful new model in the 205. This helped it improve its position in the German market and in Europe as a whole. The Peugeot marque accounted for 5.2 per cent of total European sales in the half year (against 4.1 per cent in 1983). But the Peugeot group's performance suffered because Talbot sales continued to slump - the brand fell from 2.8 to 1.5 per cent of European sales in the six months.

Even so, the Peugeot-Citroen-Talbot combine ousted Renault as market leader in France in the half-year at a time when the State-owned Renault group was also suffering from the slump (about 14 per cent) in the French market as a whole. The Government's deflationary policies depressed car demand.

Only VW-Audi among the leading importers to France failed to make market share headway in the half-year.

In Italy, however, the domestic manufacturers continued to push back imports. Car sales in Italy rose by 4.6 per cent but Fiat and Alfa Romeo both performed better than the market as a whole. Alfa Romeo, like Fiat, benefited from an important new model, the 33.

Demand was also buoyant in the UK car market and in the half-year sales ran 2.4 per cent above the 1983 level - and last year set a record. Most forecasters believe, though, that 1984 as a whole will not quite match up to last year's record 1.78m registrations.

The outstanding feature of the UK car market continued to be the inexorable progress of General Motors, mainly at the expense of Ford. The sole UK-owned producer, BL, managed to hang on and even improve its domestic market share a little following the launch of

the first since 1979's first-half and mainly due to BMW's successful attack on the Japanese market.

The Japanese have not been able to take full advantage of the soaring demand for cars in the U.S. where their sales in the year to March 1985 are restricted by a voluntary restraint agreement to 1.85m. That compares with 1.69m in the previous 12 months.

Sales in the U.S. jumped to 5.48m in the first six months - up 20.41 per cent on the same period of 1983. Most ground was gained by General Motors, whose brands include Chevrolet, Pontiac, Buick, Oldsmobile and Cadillac, and Ford, which also uses the Lincoln marque.

GM's sales were nearly 27 per cent ahead while Ford's rose by over 33 per cent to more than 1m.

Among the U.S. companies, only American Motors (now 46 per cent owned - and in effect managed - by Renault) suffered a setback in car sales as the steam went out of demand for the Reliance and Encore (based on the Renault 9 and 11).

Volkswagen's U.S.-produced cars just managed to keep ahead of the depressed sales levels of 1983. VW said recently its American plant would continue to work at only half-capacity for the rest of this year.

Honda's U.S. car production facility started up only in the first half of 1983 and this year is set to leave VW well behind. The Japanese group had already overtaken VW by the end of June.

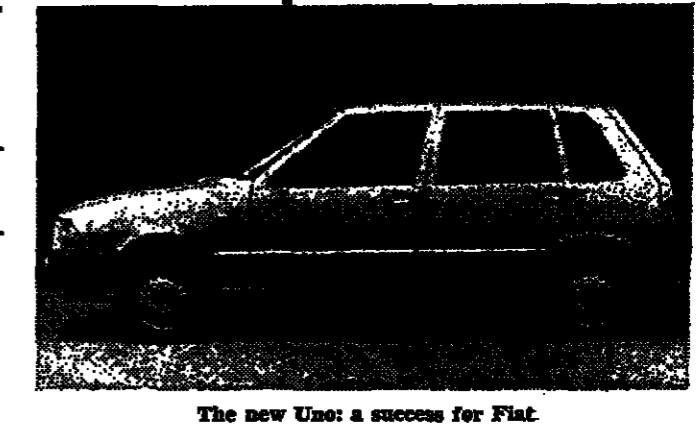
Restrictions on the Japanese, in particular, helped reduce the importers' share of the U.S. market in the first half. Only Volvo and VW-Audi among the leading importers managed to improve their penetration with substantial volume increases.

Car sales in the U.S. are widely expected to shrug off any problems created by high interest rates and reach about 10.6m this year, up 15.5 per cent from 1983. In that case, car production in the U.S. could reach about 8.5m in 1984, compared with 6.74m last year. This would take the American industry back to the top of the national production league, from which position it was displaced by the Japanese in 1980.

Japanese output is expected to rise only slightly, from 7.15m last year to 7.52m in 1984.

FRANCE					
		January-June 1983		%	
Domestic Imports		727,542	68.5	587,766	65.1
Total market		1,062,679	100	927,867	100
DOMESTIC*					
Renault		375,128	35.4	288,015	31.9
Peugeot		154,100	14.5	154,195	17.2
Citroen		143,436	13.5	118,275	13.1
Talbot		54,657	5.1	25,280	2.8
Total Peugeot group		351,293	33.2	299,750	33.2
LEADING IMPORTERS					
Ford		75,826	7.1	71,326	7.9
Volkswagen/Audi		62,184	5.9	50,540	5.6
Fiat		47,591	4.5	49,458	5.5
General Motors		40,733	3.8	37,018	4.1

ITALY					
		January-June 1983		%	
Domestic Imports		558,400	61.8	605,401	64.3
Total market		901,400	100	941,814	100
DOMESTIC*					
Fiat-Lancia		493,500	54.8	519,394	55.2
Alfa Romeo		55,900	6.2	71,452	7.6
Innocenti		7,500	0.8	10,611	1.1
LEADING IMPORTERS					
Renault		95,200	10.6	84,612	9.0
Peugeot/Citroen/Talbot		62,000	6.9	44,013	4.8
VW-Audi-Porsche		52,672	5.8	47,946	5.1
Ford		41,808	4.7	40,714	4.3
General Motors-Opel		31,900	3.6	31,416	3.3
BMW		16,300	1.8	16,760	1.8
BL		15,500	1.7	11,833	1.2



The new Uno: a success for Fiat.

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THE ARTS

Cinema/John Pym

Sense and sensibility in Boston



Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an excitingly curiously man-eating prickly plant.

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life.

va with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott.

burg is the implausible context in which two remarkable actors, Percy Mithra and Mhongeni Ngema, reveal what looks like the whole gamut of the sad, funny and pathetic life of South African blacks.

Opera and Ballet

PARIS

Macbeth conducted by Georges Pitre in a new production by Antoine Vitez with Renato Bruson as Macbeth and Shirley Verrett in the role of Lady Macbeth.



Renato Bruson who sings Macbeth at the Paris Opera

and Stuart Burrows, Theatre Royal de la Monnaie.

WEST GERMANY Berlin, Oper: Lieder recital with Janet Baker, accompanied by Geoffrey Parsons.

WEST GERMANY

Berlin, Deutsche Oper: Orpheus and Eurydice is well cast with Florence Quivar, Lucia Puccini and Carol Malcom.

NEW YORK Metropolitan Opera (Opera House): The season's opening repertory includes James Levine conducting August Everding and Ming Cho Lee's production of Lohengrin with soprano Eva Marton and tenor Placido Domingo.

VIENNA Staatsoper: Don Giovanni with Motta, Rimondi and Szaszak; The Magic Flute conducted by Hager with Gruberova, and the Vienna Boys Choir.

ITALY Milan: Teatro alla Scala: Mussorgsky's Pictures at an Exhibition and music by Richard Strauss, conducted by Aldo Ceccato.

LONDON

Royal Opera, Covent Garden: The new production of Tannhauser, third in the Royal Opera's postwar history (the previous two were notably un-lucky).

CHICAGO Lyric Opera (Civic Opera): The company's 30th season opens with Eugene O'Neill conducted by Bruno Bartoletti with Mirella Freni as Tatiana and Wolfgang Brendel in the title role.

NETHERLANDS Amsterdam, Stadschouwburg: A Netherlands opera production of Parsifal directed by Gertjan Javeldt with the Hague Philharmonic under Hans Vonk and soloists Heinz-Jürgen Demitz, Jan Derksen, Guss Heckmann, Maartje Schenk, and Heidi Smit.

PARIS Ornette Coleman, jazz saxophonist sets the front-of-house scene (Mon, Tue, TUEP-Cheletet (232444)).

BRUSSELS

XX Century Ballet directed by Maurice Béjart. Messe pour le temps Futur. Cirque Royal (2182915).

NEW YORK Museum of Modern Art: After being virtually closed for three years of renovation, the museum has a chance to show the depth and breadth of its considerable collection.

TOKYO Radolf Nureyev and Vienna Staatsoper Ballet: The Sleeping Beauty at Japan's renowned dancer Yoko Nishida, and Eva Erdokimova, NIKK Hall (Thu), (0711889).

WASHINGTON National Symphony (Concert Hall): Rafael Frühbeck de Burgos conducting with Choral Arts Society of Washington. All-Yardi programme (Thu), Kennedy Center (294 9776).

WEST GERMANY

Hildesheim, Roemer- und Pelizaeus-Museum: 1-2 Am Steine: Max Klinger (1857 to 1920), the painter and sculptor born in Leipzig, has been celebrated as East Germany's answer to Albrecht Dürer.

PARIS Musée de l'Orangerie: The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum - the pendant to the Jeu de Paume.

TOKYO Francis Picabia: 91 works (oil paintings, watercolours, gouache, collage) covering the period between 1906 and 1981 by this leading Dadaist are shown for his many different styles.

CHICAGO Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting, Milton Presser, violin, Bartok, Bloch (Thu), (435 8122).

LONDON

The Royal Academy: The Age of Vermeer & de Hooch - the final showing of the splendid exhibition already seen in Philadelphia and Berlin.

CHICAGO Art Institute: 20th-century drawings from the superb permanent collection including works by Gris, Beck-

NETHERLANDS Amsterdam, Rijksmuseum: In this anniversary year of the death of William the Silent (1584) yet another exhibition devoted to the birth of the Dutch republic.

BRUSSELS Felicity Last recital with Graham Johnson, piano. Purcell, Schubert, Strauss, Poulenc, Britten, Théâtre Royale de la Monnaie (Thu).

The Bostonians, directed by James Ivory. The Bounty, directed by Roger Donaldson. Terence Davies Trilogy. Top Secret, directed by Jim Abrahams, David Zucker and Jerry Zucker. Forever Young, directed by David Drury.



Madeleine Potter and Vanessa Redgrave in 'The Bostonians'

In The Europeans, Merchant Ivory Productions first adaptation of a Henry James novel, the Baroness Munster, a vivacious, worldly refugee from an unsatisfactory marriage, arrives at innocent in staid Boston to seek solace among her relatives.

TOBYO Cats (Cats Theatre): The special treat theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing.

MUSIC WEST GERMANY Berlin, Oper: Lieder recital with Janet Baker, accompanied by Geoffrey Parsons.

LONDON Philharmonic Orchestra conducted by Carlo Maria Giulini. Royal Festival Hall (Mon and Tue), (893 5121).

PARIS Ornette Coleman, jazz saxophonist sets the front-of-house scene (Mon, Tue, TUEP-Cheletet (232444)).

NEW YORK New York Philharmonic (Avery Fisher): Season opens with Zubin Mehta conducting, Fincas Zakerman violin and viola.

CHICAGO Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting, Milton Presser, violin, Bartok, Bloch (Thu), (435 8122).

VIENNA Claudio Arrau, piano. Beethoven, Schubert and Liszt. Musikverein Grosser Saal (Wed), (66 61 90).

Union Dead. And Olive who, having lost Warren (at the moment the wave was due to break), and finally found the gift of oratory, though in a speech not given her by James, is full of capable resources.

The Europeans was distinguished by the beauties of the New England fall. The Bostonians, immaculately photographed by Walter Lassally, is most strongly marked perhaps by the light, wind-blown vistas of Martha's Vineyard.

On the surface, the battle for Verona (Madeleine Potter), who once "started up" by her father is a notably inspired orator, appears somewhat one-sided.

ITALY Milan: Teatro alla Scala: Mussorgsky's Pictures at an Exhibition and music by Richard Strauss, conducted by Aldo Ceccato. (Wed and Thu), (60 91 26).

LONDON Philharmonic Orchestra conducted by Carlo Maria Giulini. Royal Festival Hall (Mon and Tue), (893 5121).

PARIS Ornette Coleman, jazz saxophonist sets the front-of-house scene (Mon, Tue, TUEP-Cheletet (232444)).

NEW YORK New York Philharmonic (Avery Fisher): Season opens with Zubin Mehta conducting, Fincas Zakerman violin and viola.

Bligh (Anthony Hopkins), a plain, honourable man who tried unsuccessfully to win advancement by fulfilling his mission the hard way, round Cape Horn, but ended by losing his ship to a crew corrupted by the siren call of the South Seas.

Bligh desires to run a tight ship: but when a man must "kiss the gunner's daughter" and the cat is brought out, he does not particularly relish the blood in the sight of Tahitian girls no longer produces quite the thrill it used to; and, in any event, this paradise is a place of rather matter-of-fact luxury.

The Terence Davies Trilogy - Children, Madonnas and Child and Death and Transfiguration - is a chronicle of unrelieved despair.

THE BOUNTY, produced by Dino De Laurentiis, directed by Robert Bolt and scripted by Roger Donaldson, rings the changes on Lieutenant Bligh's ill-fated voyage to carry breadfruit from Tahiti to the slave plantations of the West Indies.

Much of Deborah Levy's dialogue is very funny. The thickening plot is occasionally illuminated by the madly inconsequential as when the stage resounds to cries of "Who was my father?"

What follows is not always clear. It concerns an orphan geologist in mourning, obsessed by the fate of the dinosaurs; the fey, ecological daughter of the house; and a gushing dainty American matron.

It may be too disjointed, ultimately too long; but attention never wanders from Susan Todd's direction and Wendy Freeman's designs.

Tucker since a melancholy guilt seems almost from the start to have stripped him of the will to live. He loves his abused mother, but with no real affection, and even this is a problem since he must remain buttoned up about his secret inner life.

Top Secret! - beware the exclamation mark - is one of those wallowing American comedies which strives to make a virtue out of excruciatingly awful jokes by signalling that everyone concerned knows just how awful they are.

In Forever Young, a priest still infatuated with the pop songs of his youth, the Fifties, is tripped back into the past by the appearance of a friend, a fellow guitarist (they might have gone all the way to the top), at one of his weekly church jam sessions.

my father?" "Who was my mother?" and, inexplicably, "Who was Rosie Finkelstein?"

It may be too disjointed, ultimately too long; but attention never wanders from Susan Todd's direction and Wendy Freeman's designs.

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INTERNATIONAL FINANCIAL CENTRES

The new challenge from Japan

By Robert Cottrell in Tokyo

Lombard

How to get to the top

By Peter Riddell

CAN bond-salesmen prosper in a society which has no polite way of saying a definite "yes" or "no"?

Japan houses the greatest concentration of financial institutions outside London and New York. Its equity market is three times the combined size of all the others in the region.

Hong Kong and Singapore may have reason to hope not. The two city-states, present and former British colonies, have grown to rival one another as the international financial centres of the far east—status achieved in part perhaps because Tokyo, introverted and protectionist, declined to compete.

But the wind of change is now blowing strong through Japan's Ministry of Finance. Japan is, in theory at least, liberalising its domestic capital markets, and internationalising its currency, this year. The process has been accelerated, though it was not initiated, by pressure from the U.S., culminating in May this year with the publication of the "report of the Japanese Ministry of Finance and U.S. Department of the Treasury working group on yen/dollar exchange rate issues."

To mix metaphors, the working party report may be a red herring, or it may be a red herring. Japanese finance is regulated less by published rule books and more by "administrative guidance" from the Finance Ministry, a term which may cover general policy guidelines to institutions, or specific instructions regarding a particular transaction. But, at least formally, Japan has started an attempt to lower the barriers between domestic and international financial markets and institutions.

In particular, the Finance Ministry has undertaken to lend almost all coming on the lending yen overseas ("suroyen"); to deregulate interest



Japanese Finance Minister Noboru Takeshita: overseeing an era of change

rates paid by banks in Japan on large deposits, to establish a new market in bankers' acceptances (a form of negotiable short-term paper used in trade financing); and to allow foreign banks to compete for management of Japanese pension funds.

The Ministry is also expected to award branch licences to more foreign stockbrokers. Only 10 foreign firms are presently afforded branch status. Other firms may maintain a "representative" office, only undertaking research and liaison work. A foreign stockbroker may soon be allowed to buy a seat on the Tokyo stock exchange.

Japan's liberalisations are not designed to "poach" the type of offshore financial business which helped Hong Kong and Singapore to prosper as financial centres over the last 15 years. In offshore transactions, foreign currencies, usually the U.S. dollar, are channelled between lenders and borrowers overseas.

Japanese officials have so far resisted arguments in favour of offshore banking in Tokyo, whose central requirement would be a simple exemption from the withholding tax of 20 per cent which Japan levies on interest income on non-governmental deposits in its banking system.

INTERNATIONAL BANKING CENTRES

Table with columns: Country, Foreign currency lending to residents, Domestic currency lending to non-residents, Total. Includes UK, U.S., Japan, France, etc.

The deregulation now officially envisaged for Japan will serve rather to increase the volume and flexibility of transactions between financial institutions and capital markets in Japan, and those overseas. For example, limits have now been abolished on the amount of foreign currency which a bank may bring into Japan and swap for yen in order to fund its local loan book.

Prospects such as these promise fatter earnings for foreign institutions than a meagre past diet of "goodwill" business, managing captive funds, and unsecured lending to borrowers too dodgy for Japanese banks to risk.

The development of more forceful and flexible capital markets in Tokyo coincides with an era in which economic growth is slowing, albeit from a heady past rate, in many Asian countries, bringing with it a slower demand for broad-based butter credit of the kind which in past years filled Hong Kong and Singapore bankers' loan books.

"In the 1970s," says Mr Eric Rasmussen, vice-president of Chemical Bank in Tokyo, "the rapidly growing Asian economies were thirsty for capital. Financial centres tried to provide that service were in short supply. The 'treasury' of the Asiadollar market, the funds raised by offshore banking units in Singapore, has seen a corresponding slowdown in annual growth, from 58 per cent in 1981, to 20 per cent in 1982, to eight per cent in 1983. Hong Kong has its own particular problem—that of a change in its political status in 1997, when China will resume sovereignty over the territory, and British administration will end. The handover is planned and amicable. Bankers in Japan say they expect Hong Kong to remain an international manufacturing centre in its own right, and grow in importance as a gateway to China.

But for the free-wheeling financiers who made Hong Kong their regional base over the last 10 years the attractions of the territory may already be diminishing. Hong Kong's expatriate stockholders and bankers tend typically to be young, ambitious, and mobile. "It is inevitably going to get more difficult," says the head of one large stockholding firm in the territory, "to persuade the best and the brightest to invest a large portion of their early careers in building up a particularly expertise in the Hong Kong market when at some point in the next 15 years, it is quite clearly going to decline relative to some other markets."

It is, by contrast, getting easier, or at least more necessary, to persuade people to invest funds in the territory. Offices throughout the city are peopled with recent arrivals. It may be that the "people" level that Tokyo provides the most serious competitive threat to Hong Kong and Singapore. Japan promises a testing environment of intense competition and, for foreign institutions which do get both feet in through the door, high rewards. Institutions are not likely simply to move outright from Hong Kong or Singapore to Tokyo.

More likely is a shifting "centre of gravity" within an international firm's regional offices as more of its better people are committed to the higher-opportunity Japanese market, perhaps at the expense of Hong Kong and Singapore. But the Japanese financial system's major "needs" in future years almost certainly include finding borrowers to absorb probably the surplus capital being generated domestically and now being increasingly freed for export. How far down the road before the new merchant bank in

WHAT DO Mrs Margaret Thatcher, Mr Tony Benn and Mr Enoch Powell have in common? No, it is not just their total conviction in the rightness of their views, though this is a clue. They are, according to Mr Max Atkinson, an Oxford academic, the current masters of the techniques of political oratory: in short, they are spellbinders.

His new book Our Masters' Voices, is an absorbing account of what produces applause in speeches. He notes that applause occurs after regular, identifiable points in speeches, generally after certain types of message, most commonly "praising" us or attacking "them."

Mr Atkinson highlights two devices used most successfully to invite applause—two-part contrasts (such as Mrs Thatcher's remark in 1980 "you turn if you want to, the lady's not for turning") and three-part lists (as in Hugh Gaitskell's "fight, fight and fight again").

Moreover, the combination of the two devices is even more telling, especially when combined with carefully timed gestures. A master in this technique is Mr Benn, who received exceptionally strong applause during a speech to the Labour conference in 1980 when he said: "If you have a veto, those who oppose policies don't bother to argue with conference, because they wait to the clause five meeting and they kill it, secretly, privately without debate."

It has, in fact, been an impressive display of bureaucratic control on the part of the Japanese government to have prevented, thus far, Tokyo becoming the unquestioned financial centre of the Far East. Official will to maintain this state of affairs seems now to have been sapped. The barriers are coming down. Whether foreign institutions will profit from this new cosmopolitanism anywhere near as much as their Japanese counterparts is altogether a different matter.

Our Masters' Voices, the language and body language of politics, by Max Atkinson, published by Methuen, price £10.50 hardback, and £4.95 paperback.

Sanctity of the imaginary line

From Mr Roger Graffley-Smith. Sir, — A schoolmaster was recently astonished to read in a geography essay the statement that the equator was a very dangerous thing. How, he wondered, could an imaginary line running round the middle of the earth deserve that adjective? It emerged that the pupil had understood it to be a menagerie and if that was unconfined, would certainly be dangerous. Danger is certainly a concomitant of the picket line now. Originally it was, among other things, a place to tether a horse and a dog. I am told by poultry keepers that the TUC still follows that usage. But what fascinates me is the sanctity, inviolability, call it what you will, of this imaginary line.

Time and again in the recent dock strike, workers would vote by a majority to return to work and yet the next day would bank at crossing the line. I am told by poultry keepers that the TUC still follows that usage. But what fascinates me is the sanctity, inviolability, call it what you will, of this imaginary line.

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Rates burden on too few shoulders

From Mr Stephen Schattmann. Sir, — You say that the rating system is inadequate to support local government. Too heavy a burden falls on too few shoulders (September 25). I agree, and so would, I feel sure, most of you readers. Yet the Government has abandoned its pledge to abolish rates. There was no generally acceptable (my italics) alternative to the

Letters to the Editor

Bad driving on motorways

From Mr Dryden Gilling-Smith. Sir, — I reflected on Jonathan Carr's criticism of German Autobahn driving (West Germany in fast lane, August 28) during a day in Germany in which I covered nearly 800 miles on French and British motorways sandwiched by a 11-hour break on a Hovercraft.

Instead of apologising for his bad road manners in pulling out to overtake without first checking the presence of, and then deferring to, faster moving vehicles in the overtaking lane, he chooses to criticise the natural irritation of the fast-moving German driver coming up from the rear and then to blame the Germans for not having speed limits.

Every country tends to major in certain bad driving habits, many of which are legacies of bad driving laws in the country concerned rather than national characteristics. The most notorious example is the old French rule that cars coming from the right had priority. A French generation of French road junctions have been converted to the British system, with traffic on the minor road being instructed to "Stop," the old thought habits are still a major killer on French roads.

More regulation to stop regulation

From Mr Bryan Cassidy. Sir, — Mr Carswell (September 18) accuses me of having got

City funds for entrepreneurs

From Mr G. P. Ledebor. Sir, — Lt-Col Fowler's assertion (September 18) that the City is unwilling to fund "venturesome entrepreneurs" is just not true.

According to figures provided by the Venture Capital Journal, no less than £213m has been provided by venture capitalists over the past three years to 687 new companies in the U.K. This figure does not include funds provided by the clearing banks and ICFC.

Towards £1,000 a week

From Mr James Bartlett. Sir, — Mr R. D. Ward (September 21) has the hope for a weekly salary of some Americans that many would share. He should appreciate though that this American will work very much harder both in terms of hours and commitment, together with intrusion into his domestic life and in a far more competitive environment. Neither will he enjoy the benefit of a company car, BUPA or many of the perks to which the British are now well accustomed. Nor will he have the "soft" attitude of an employer over redundancy payments or often ruthless dismissal for inadequate work performance.

Be worse in France than anywhere else

There seem to be a large number of French and Belgian drivers on French motorways who share Mr Carr's habit of pulling out to overtake without any awareness of the consequences of speed differentials. Watching the vast number of tyre skidmarks and dented crash barriers convinces one that vast numbers of these drivers have a built-in suicide urge.

the wrong end of the stick in pointing a finger at the European Commission for its slowness in taking action against the makers of non-French cars which Member States of the EEC still contrive to maintain.

He argues that the true culprit is the Council of Ministers because they have held up countless proposals for legislation. I fail to see how yet more regulation will help to bring about de-regulation. Many people in industry believe that the Council of Ministers is quite simply to make outright from Hong Kong or Singapore to Tokyo.

These will shortly be added to by proposals for the unit pricing of non-French household products and the temporary work directive. None of these can in any way be interpreted as assisting the creation of a true Common Market or as helping to deal with the problem of the EEC's 12m jobless. Bryan Cassidy, MEP. The Stables, White Cliff Gardens, Blandford Forum, Dorset.

City funds for entrepreneurs

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Advertisement for Bury Court House, City of London. Features a large architectural drawing of the building and text describing its features: 'A new generation air-conditioned office building of 101,700 sq ft approx situated in the heart of the City of London. Multiples of floors immediately available.' Includes contact information for Newton Perkins and Jones Lang Wootton.

Balfour Beatty for Refurbishment BB 01-686 8700

FINANCIAL TIMES

Friday September 28 1984

BELL'S SCOTCH WHISKY BELL'S

William Hall finds optimism amid the anger at the Continental Illinois meeting
Slow convalescence in Chicago

FOR CONTINENTAL Illinois, 'our first task is to re-establish and strengthen our credibility in the marketplace. I believe that the process has already started, but it will take time,' says Mr Bill Ogden, the former Chase Manhattan banker who was brought in last July to rescue Chicago's premier bank from insolvency.
For three hours on Wednesday Mr Ogden and Mr John Swearingen, the former chairman of Standard Oil of Indiana, who is the new chairman of the bank's holding company, parried questions from the irate shareholders of Continental Illinois who were packed into the Art Institute of Chicago to vote on the fate of their company.
Mr Swearingen made no secret of the fact that Continental's shareholders were paying a high price for U.S. Government help in keeping alive what until recently was America's eighth biggest bank. If the Federal Deposit Insurance Corporation (FDIC) loses more than \$800m on the \$2bn of heavily written-down loans it bought from Continental at the close of business last Wednesday, Continental's shareholders will lose everything.
However, Mr Swearingen emphasized that there was no alternative. If shareholders had rejected the rescue deal, the Comptroller of the Currency would have declared the bank insolvent. By approving the

Interest cost of U.S. debt rising sharply

By Stewart Fleming in Washington
INTEREST ON the fast rising debt of the U.S. Government is now the most rapidly growing element in government expenditures and might be costing the Treasury \$24.4bn by 1989, the Congressional Budget Office (CBO) says in a new report.
The CBO and Mr Rudolph Penner, its director, have been focusing their attention increasingly on the interest component of government spending because of the impact it is having on boosting the federal budget deficit. It is also an item which is not directly controllable.
In the summer the CBO, a non-partisan agency with the task of providing Congress with estimates of the costs of proposed legislation and of monitoring the federal budget, issued new forecasts for the deficit.
Partly as a result of the deficit reduction measures which Congress has passed this year, the CBO revised its projections to show a deficit increasing from \$17.2bn in 1984 to \$26.3bn in 1989 rather than the \$30.8bn in 1989 projected earlier. The Reagan Administration, using different assumptions about the future, is projecting a deficit of \$13.9bn in 1988.
In its new study, the increased borrowing as a result of the deficits is forecast to increase the U.S. Government debt held by the public from just over \$1,000bn in 1983 to around \$2,500bn in 1989.
The CBO says the debt held by the public would thus rise from 39 per cent to 48 per cent of gross national product (GNP) if government policies are not changed, compared with the 25 to 29 per cent of GNP in the earlier 1970s.
Net interest costs of the debt would rise from \$9bn in 1983 (11 per cent of government spending) to \$24.4bn in 1988 (18 per cent of government spending).
The CBO suggests that interest costs will be rising at an annual rate over the period of 14 per cent, faster than any other cost category including defence and medicine. The exercise is designed to highlight the implications of current trends rather than to forecast precisely what will happen.
The CBO itself makes it clear that projections of that sort are both difficult to make and highly sensitive to different assumptions relating to factors such as interest rates. Thus when it first did the exercise in February it calculated that if assumed interest rates were 1 percentage point higher than its base projections, during 1984 to 1989 interest costs would add \$30bn to the deficit in the last year.

THE LEX COLUMN
Cash chemistry from ICI

ICI and the Halifax Building Society posed far more of a threat to the City yesterday than any of the demonstrators roaming the streets. By raising what is in effect five-year floating-rate money, the Halifax showed that the building society movement can fund itself in the wholesale markets on terms as good as competitive as those commanded by the clearing banks. The message from ICI was, if anything, more dangerous still.
ICI is no friend of the rights issue and it was inevitable that at some stage the company would issue a direct challenge to the principle of pre-emption rights. Last year, it attached warrants to a dollar/sterling Eurobond but the equity sweetener was a last minute addition, to take advantage of U.S. interest in ICI shares, and in any case the bonds were issued almost out of earshot of the London market.
The same cannot be said of yesterday's £75m Eurosterling convertible. The equity element is an integral part of the instrument and, even if the conversion premium is set as high as 25 per cent, there is every possibility that the bondholders will before long find themselves proud owners of ICI equity. The warrants on last May's issue, after all, entitled holders to buy shares at 540p, 15 per cent above the ruling price. Last night, ICI shares closed at 654p.
It is difficult to argue with the mathematics of ICI's approach. The conversion option has saved it roughly 300 basis points of coupon and has also enabled it to borrow in the Eurosterling market - cheaper and more convenient than domestic sterling - on a maturity which probably would have been unacceptable on a straight bond. The investor, meanwhile, collects a yield roughly 3 percentage points above ICI equity and has the option to get out at

Sohio to buy Gulf outlets

By William Hall in New York
STANDARD OIL Company (Ohio), British Petroleum's majority owned U.S. subsidiary, has agreed to buy Gulf Oil's marketing and refining operations in the south-east U.S. No price has been disclosed but the assets were said to be worth up to \$1bn when they were put up for sale after Chevron's \$1.32bn acquisition of Gulf earlier this year.
The deal includes 5,680 service stations and a 200,000 barrel a day refinery at Alliance, Louisiana. It will roughly triple Sohio's retail petrol outlets in the U.S. and give the company a substantial presence in the fast-growing south-east U.S.
Until now Sohio, whose Alaskan oil interests make it the second biggest U.S. oil producer, has had a relatively limited presence in the U.S. retail petrol market with 2,100 service stations in the north-east U.S., of which more than three-quarters were in the state of Ohio.
Chevron has been forced to dispose of Gulf's marketing and refining interests in the south-east to get clearance from the Federal Trade Commission for the Gulf takeover. It said yesterday that there had been 10 bidders for the properties. The Gulf stations have a 9.4 per cent share of the market.
Wall Street analysts were mixed in their reaction to the deal. One said that Sohio had 'money burning in its pocket' and was making a mistake by moving into the cyclical retail marketing business where many companies were finding it difficult to earn decent returns.
Another said that Sohio's priority should be to find more oil to replace its interest in Prudhoe Bay, Alaska, which will soon start to decline.

Sindona threatens to Calvi and hired killing in Milan alleged

BY ALAN FRIEDMAN IN MILAN
SIG MICHELE SINDONA, the convicted Sicilian financier who was extradited from the U.S. to Italy on Tuesday, is expected to be brought to a maximum security prison near Milan early next week for detailed interrogation by investigating judges.
Sig Sindona is at present in prison on the outskirts of Rome, having arrived from a penitentiary in New York state. The Milan judges who, since 1980, have been investigating the Sindona case - Dr Gherardo Colombo and Dr Giuliano Turone - said last night they hoped to begin questioning Sig Sindona in the next few days.
According to the judges, the charges they are planning to prosecute will be:
● That Sig Sindona arranged for \$50,000 to be paid to a hired killer who in 1979 assassinated in Milan Sig Giorgio Ambrosoli, a lawyer who was officially investigating Sig Sindona's finances.
● That Sig Sindona participated in extortion and threats of violence against the late Sig Roberto Calvi, who was chairman of the failed Banco Ambrosiano, and against Dr Enrico Cuccia, former chairman of Mediobanca, the merchant bank.
The judges said yesterday they expected the trial to begin in the spring of next year. Some time this year, possibly in November, Sig Sindona could go on trial separately for the collapse of the two Italian banks in 1974 - Banca Privata and Banca Unione.
Sig Sindona was convicted in the U.S. of perjury, conspiracy and fraud in the 1974 collapse of his Franklin National Bank in the U.S. and was until his extradition this week serving a 25-year prison sentence.
The judges said that among the witnesses who might be called to

Strasbourg warning on EEC budget wrangle

BY QUENTIN PEEL IN BRUSSELS
THE European Parliament yesterday presented a new obstacle to the tortuous EEC budget negotiations, with a warning that it might reject any unilateral moves to impose long-term spending controls, unless it was consulted first.
The warning came in a formal statement issued by M Jean-Pierre Cot, chairman of the parliament's budget committee, as top EEC and national officials struggled to put together a budget in time for meetings of finance and foreign ministers next week.
The ministers face a deadline of October 5 to submit a budget for 1985 to parliament, which has to approve it by the end of the year. 'The need for an entire package of measures is based on British insistence that any finance for overspending this year, and approval for next year's budget, must be linked to measures for long-term budgetary discipline, as well as agreement on when and how members states will increase their EEC contributions once and for all.
M Cot's statement, issued after a meeting of his committee in Brussels, lines up MEPs alongside the French Government in expressing concern over the shape of proposals to control spending in the long term - although for different reasons.
At the same time, the West Ger-

Convertible Eurosterling issue by ICI

By Maggie Urry in London
IMPERIAL Chemical Industries raised £75m (£94m) yesterday through a convertible bond issue in the Eurosterling market, the first such issue made by a UK company and the largest yet seen.
The issue was a resounding success, with traders reporting demand for the bonds coming from the UK and abroad. 'It is a sell-out,' they said.
By tapping the Eurosterling bond market, rather than the domestic corporate bond market, ICI was able to raise the money more cheaply. Eurosterling bonds are Eurobonds denominated in sterling and have all the features of a Eurobond, such as bearer status and interest paid free of tax.
The proceeds - fairly small to a company the size of ICI - will be used to top up general funds rather than for any specific project.
The issue was lead-managed by J. Henry Schroder Wagg, with, as co-lead manager, S.G. Warburg, which developed an innovative structure for the deal.
Investors will receive an annual coupon of 8 3/4 per cent, 3 percentage points higher than the yield on the shares, and will also have the right to convert the bonds into ICI shares during the 15-year life of the bonds, at a premium to the share price prevailing when the deal is completed.
That premium has yet to be set but is expected to be between 20 and 25 per cent. Without that conversion option, ICI would probably have had to pay a coupon of 11 1/4 or 11 3/4 per cent. An even higher interest rate would have been necessary in the domestic bond market.
Investors also have the option to sell the bonds back to ICI after five years at a price 112 per cent of the issue price. That option will provide a safety net for investors if ICI's share price does not perform well enough to make the conversion option attractive.
The total fees ICI will have to pay amount to 2 1/2 per cent of the £75m raised through the issue.
See Lex, this page; Eurobonds, Page 38

Britain's No.1 manufacturing exporter
\$1,000,000,000 Airbus fleet for Pan Am
Pan American World Airways have announced their intention of acquiring a fleet of Airbus jetliners valued at one billion US dollars, a breakthrough representing the biggest single success ever achieved in the US market by Europe's aircraft industry. Initially, Pan Am will lease twelve A300B and four A310 jetliners and purchase twelve A310 and sixteen of the new A320 jets. Options cover another 13 A310 and 34 A320 jetliners. British Aerospace - a full partner in Airbus Industrie - has a major stake in all three types of Airbus jetliner, and now has an increased work-share for the A320, with particular responsibility for the high-technology wings.
£40,000,000 for Cargo Examination Systems
Another breakthrough for Britain and British Aerospace is the first-ever order for Cargo Examination Systems, developed to combat smuggling of contraband items in freight containers or complete vehicles. Two systems are to be supplied and installed under an export order valued at over £40 million.
New orders take Jetstream 31 sales to over \$110,000,000
New orders for Jetstream 31 turboprop transports from Australian and Swedish airlines and US and UK corporate operators take the value of sales to well over 100 million US dollars. Skywest Airlines of Western Australia has placed a repeat order for two, taking its fleet to five, while Swedair - Sweden's largest regional airline - has ordered one, giving Jetstream its first breakthrough into the Scandinavian market.
USA places £3,000,000 order for BAe high-precision gyros
Confirmation of the pre-eminence of British Aerospace has been provided by the £3 million order for DART (Dual Axis Rate Transducer) for sensors to be used in the first production build of Paveway III laser guidance kits for the USAF. Further substantial orders for DART are under negotiation.
More examples of how British Aerospace's unequalled experience in hypertechnology is helping Britain to maintain world leadership.

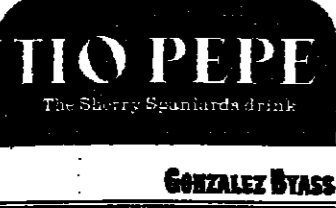
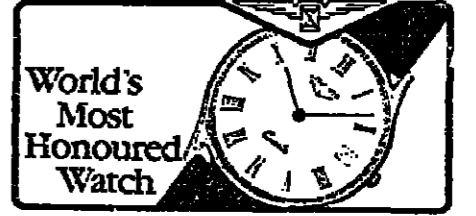
World Weather table with columns for location and temperature.

Argentine debt deal defended

Continued from Page 1
the world at large, a key indicator of the strength of the programme and Argentina's compliance with it will be the degree to which devaluation of the peso is speeded up between now and Christmas.
Leading bank creditors are to meet Argentine officials today to discuss the immediately pressing questions of interest arrears and the \$750m repayment of principal.
Argentina's agreement with the IMF is in support of its application for a 15-month Fund credit totalling some \$1.4bn, plus about \$200m from the IMF's compensatory financing facility to offset a loss of export receipts.

Gromyko attacks U.S. initiatives

Continued from Page 1
'History does not begin the day a particular U.S. Administration comes into office', said the foreign minister.
'Those who determine U.S. policy today will have to do a lot so that their words and obligations they assume could be trusted,' he said.
Mr Gromyko missed last year's session of the U.N. in the row over the Soviet shooting down of the Korean airliner. The last time he addressed the General Assembly was September 1982. As he made clear yesterday, a lot had happened since then for the Soviet Union to denounce, such as the U.S. 'invasion' of Grenada.



Software manufacturers fear IBM domination

BY LOURSE KEHOE IN SAN FRANCISCO

IBM's entry into the personal computer software market with the announcement of a series of 31 programs on Tuesday could change the entire shape of the industry, according to U.S. analysts and other software makers.

"This will have a tremendous impact on every aspect of the business," predicted Ms Jan Lewis, senior analyst at Infocorp, a San Jose market research firm. She expects IBM to be aggressive in marketing its new software products, which are aimed at small and medium size business users of IBM personal computers and mainframes.

The major impact of the IBM announcement will be to change the relationship between third party software vendors and hardware manufacturers. In the past, the success of a handful of software packages has to a great extent determined the success of a personal computer. Apple Computer's Apple II sales were buoyed by the introduction of VisiCalc in 1980. Lotus 1-2-3 has ensured the success of the IBM personal computer.

"Success in the personal computer market has depended on getting a lot of software developers behind a machine," commented Mr Jeff Raikes, director of applications marketing at Microsoft, the maker of the MSDOS operating system used in the IBM personal computer.

Software sales have created the momentum that has driven the personal computer market, and there is considerable concern that IBM's entry into the business could slow down this momentum. "If IBM puts

its power behind these products it could be bad news for the industry as a whole," said Mr Raikes.

Independent software companies must now re-assess their strategy in providing software for the IBM personal computer products, say other software industry participants. "IBM could be killing off the very companies that have created the success of the PC," suggested Ms Lewis.

The programs offered by IBM cover every aspect of personal computer business applications. The business management series is a commercial accounting system while the Personal Decision series comprises five applications centred on a new data management program. IBM is also offering programs that link the personal computer to several different IBM mainframe models. Prices for the application programs range from \$150 to \$300.

Several of the new programs are available immediately, while the best will be introduced the end of the year, IBM said.

The IBM plans represent a threat to a broad range of software and hardware manufacturers. Most directly affected are Lotus Development, which offers the top selling Lotus 1-2-3 integrated spread-sheet program, and Ashton-Tate whose d base II program holds the leading position in the market for personal computer data management systems. The new IBM programs include products that will compete directly with both.

The impact of the IBM announce-

Boskalis shares resume trading

By Our Financial Staff

BOSKALIS Westminster, the Dutch construction and dredging group which recently announced a first loss of Fl 69m (\$20m) for the first half of 1984, issued a statement yesterday clarifying its interim performance.

The statement followed the suspension yesterday morning of trading in Boskalis shares, which closed on Wednesday at Fl 11.70 against a price closer to Fl 50 earlier this year. Bourse trading is due to resume today, although on a restricted basis.

Boskalis said its half-year losses, which compared with a deficit of Fl 148m for the whole of 1983, stemmed partly from additional provisions against the pipeline division and from heavier financial charges. These two items accounted for Fl 40m of the interim loss.

The company, which derives some four-fifths of turnover from outside the Netherlands and which was making net profits of Fl 45m as recently as 1982, said the half-year result was no indication of the outcome for 1984 as a whole.

Boskalis's interim losses coincided with a request for the resignation of the executive in charge of the company's troubled pipeline division.

Consafe hit by sharp fall in profit

By David Brown in Stockholm

CONSAFE, the world's largest owner of offshore accommodation platforms and formerly one of Sweden's faster-growing companies, has announced a steep drop in pre-tax profits during the first eight months of the year.

Full-year figures are likely to show a profit in spite of an expected downturn in the last four months, but poor market conditions may lead to losses next year.

Profits after net financial costs have plunged from SKr 213m (\$24.1m) last year to SKr 49m. Sales declined by SKr 127m, or 15 per cent, to SKr 190m.

Operating profits after depreciation were virtually halved to SKr 200m. Net financial costs improved by SKr 43m to SKr 151m. Liquid assets grew by 40 per cent to SKr 510m.

Consafe attributes the sharp decline to weaker than expected demand in the offshore market - especially for accommodation platforms - and a fall in its rate of vessel capacity use from 85 per cent to 60 per cent. Its single largest market is the North Sea, where it does not expect improvements until 1986 at the earliest, and then primarily in its diving operations.

Consafe, which raised SKr 340m last year in its public introduction, has seen the value of its shares fall from a high SKr 510 earlier this year, to SKr 150 on Wednesday. The price recovered SKr 13 yesterday to close at SKr 163 before the eight-month figures were released.

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Telefónica to raise Pta 22bn in rights issue

By David White in Madrid

COMPANIA TELEFÓNICA Nacional de España, Spain's largest quoted company, is taking advantage of the recent surge of interest in the country's stock markets to raise Pta 22.5bn (\$132m) through a long-expected rights issue.

One new share will be issued for every nine old shares. They are to be offered at Pta 350 each, or 70 per cent of their normal value of Pta 500, with the remainder paid from reserves. Sr Germán Ramajo, the company's finance director, said yesterday.

Telefónica shares, riding the crest of a boom that has lifted the Madrid stock index by more than 46 per cent this year, last week surpassed their nominal value for the first time since 1977.

The terms of the issue, which is slightly smaller than originally expected, were favourably received by the market. Telefónica shares were unchanged yesterday at 102 per cent of nominal.

A stock market spokesman said, however, that it was "completely abnormal" that details of the issue were made known before an official announcement by the company.

The operation will raise the nominal capital of the semi-state telephone monopoly to about Pta 320bn from Pta 288bn. Subscriptions will be open from October 11 to November 11. The closing date coincides with the distribution of an interim Pta 25 dividend on each old share.

Canada investigates financial sector's cross-shareholdings

BY BERNARD SIMON IN TORONTO

THE Canadian authorities are investigating cross-shareholdings between the country's banks, trust companies and insurers because of concern that some financial institutions have recently bought significant blocks of shares in others.

The Government's inspector-general of banks and the superintendent of insurance have asked institutions in their jurisdiction to provide details of buyers of shares issued by them since the beginning of 1984. Banks alone have raised about C\$1.5bn (U.S.\$1.14bn) in new capital through preferred share is-

and other financial institutions are estimated to have bought no more than about a third of the recent share issues, equal to some C\$300m.

Mr Robin Cornwell, analyst at McCarthy Securities, said he saw little danger of the institutions' credit ratings being downgraded as a result of the cross-shareholdings.

The purchases are one side effect of the recent popularity of "bought" private placements, where a single investment dealer has bid for an entire new issue as a principal, distributing the shares to a select group of institutional clients.

National Semiconductor triples earnings

BY OUR FINANCIAL STAFF

NATIONAL Semiconductor, the major U.S. electronics components manufacturer, has continued its recent trend of healthy earnings advances by more than tripling profits for the first quarter ended September 16.

Net earnings rose from \$10.9m or 14 cents a share to \$33.9m, or 40 cents, on sales up from \$432.5m to \$829m. The latest earnings figure includes a \$3.9m tax credit.

In its last fiscal year ended May 31, National Semiconductor posted net earnings of \$94m or 75 cents a share. Last month the company settled a row with the U.S. Defence Logistic Agency over the company's admitted failure fully to test some microcircuits between 1978 and 1981.

Allied Corporation said its Ben-

dis Aerospace subsidiary had agreed to acquire King Radio for \$40.50 a share in a deal worth about \$110m.

King Radio is a Kansas-based manufacturer of aircraft communication navigation and flight control systems.

Minihouse, the Dutch computer systems group listed on the London OTC market, reports strong growth in sales and profits for the first half of 1984.

Sales are 50 per cent ahead at Fl 20.1m (\$5.9m) and net profits have risen almost as rapidly to Fl 1.7m from the Fl 1.12m of the opening six months of 1983.

For 1984 as a whole, Minihouse expects continued progress in sales and profits. Net profits for 1983 totalled Fl 1.6m.

Swiss Re lifts payout

BY JOHN WICKS IN ZURICH

SWISS Reinsurance, which lifted its net profits from SwFr 87.5m in 1982 to SwFr 92m (\$36.8m) last year, will recommend increased dividends of SwFr 110 (1982: SwFr 105) per share and SwFr 32 (1982: SwFr 21) per participation certificate at its annual meeting in November.

The Zurich-based company, which says it continued its "cautious policy in the assuming of risks," increased gross premiums

by 1.7 per cent and net premiums by 5.9 per cent in 1983.

Underwriting results in non-life reinsurance deteriorated because of the generally unfavourable conditions in the fire-insurance sector and substantial late claims in American third-party business. Although life reinsurance showed a slightly higher profit, overall underwriting losses were higher than the SwFr 13.1m of 1982.

Creditors call for Cermoc bankruptcy

By David Gardner in Mexico City

THE SIMMERING dispute between Cerveceria Moctezuma (Cermoc), one of Mexico's leading breweries, and the banks to which it owes over \$400m came to a head yesterday when foreign banks sought a bankruptcy order in local courts and the Mexican authorities moved in to take over its management.

The dispute began in January when North Western National Bank of Minneapolis sought a bankruptcy order against Cermoc to recover \$6m owed by the brewery's distribution subsidiary. The company's principle creditors are led by Bank of America, and include Morgan Guaranty, Wells Fargo, Chase Manhattan and Citibank.

As a result, Cermoc's shares have been suspended from trading on Mexico City's stock exchange.

Cermoc, the banks and the Mexican Government have been attempting since March to reach agreement on restructuring the company and its foreign obligations. The sticking point throughout has been the refusal of the brewery's owner, Sr Alberto Bailleres, to accept the banks' proposal to capitalise part of their loans.

The banks sought to convert either \$40m into a 30 per cent stake in Cermoc or \$80m into a 60 per cent holding. The first option was widely seen as an attempt to induce Sr Bailleres, who heads a powerful business group which includes Industrias Penoles, the world's largest silver producer, to inject \$40m of his own capital into the company.

Sr Bailleres has held his creditors at bay by threatening a formal suspension of payments - a move equivalent to applying for temporary receivership. He was empowered by an extraordinary general meeting of Cermoc shareholders in January to suspend payments if necessary to counteract bankruptcy proceedings.

The decision by the Mexican Treasury to put in its own administrator may, however, have undermined this position. Bank of America is known to have kept the Treasury informed of its action, giving yesterday's developments the look of a concerted move by the banks and the authorities.

Harley-Davidson plan to start plant in Berlin raises doubts

BY LESLIE COLITT IN BERLIN

HARLEY-DAVIDSON, the sole U.S. motorcycle manufacturer, would like to begin production in West Berlin, according to Mr Robert Layton, head of the city's economic development office.

Mr Layton said Harley-Davidson's board in Milwaukee reached the decision after talks with him that began in November 1982.

The announcement left BMW, the West German motor company that produces all its motorcycles at Spandau in West Berlin, "amazed and puzzled." A BMW executive pointed out that one of the German

company's chief disadvantages in competing with Japanese manufacturers was the high cost of production in the city.

"I would be very surprised if Harley-Davidson went through with it," he noted.

The start of Harley-Davidson production in West Berlin hinges on further meetings next month with the city government and German banks on sites for a plant and on the crucial question of financing.

The company has had undisclosed losses since 1980, when it last reported a net profit of \$12.3m on sales of \$290m. A year later the management bought out the company from AMF (American Machine & Foundry) for \$65m.

Harley-Davidson's difficulties were so severe that President Ronald Reagan last year agreed to a special tariff on imported motorcycles with engines above a certain size for a period of five years.

West Berlin's attractions include long-term leases of land and buildings at 3 per cent of appraised value, tax-free investment grants and accelerated depreciation.

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INTL. COMPANIES & FINANCE

Mitel sees things differently

BY BERNARD SIMON IN TORONTO

MITEL, the former star of the North American telecommunications industry, which fell into financial troubles over the introduction of its SX-2000 integrated communications system, is taking a new management approach in expectation of a return to profit by the end of the current financial year, in February.

The company incurred a net loss of C\$32.4m (U.S.\$24.5m) in the year to February, and registered a C\$17.3m deficit in the first quarter of this year.

The withdrawal of IBM from a scheme for telephone-based products in conjunction with Mitel added to problems. IBM has this week entered into a \$1.3bn merger agreement with Roltm, the U.S. telecommunications company, in which it took a stake, in June last year, as it broke off the connection with Mitel.

Mr Terry Matthews, the company's effervescent president, says that revenues rose by one-fifth in the quarter ended last month. He predicts that Mitel will have a positive cash flow by the end of this year: "The ship isn't going down and never was. As every month goes by, the company gets stronger."

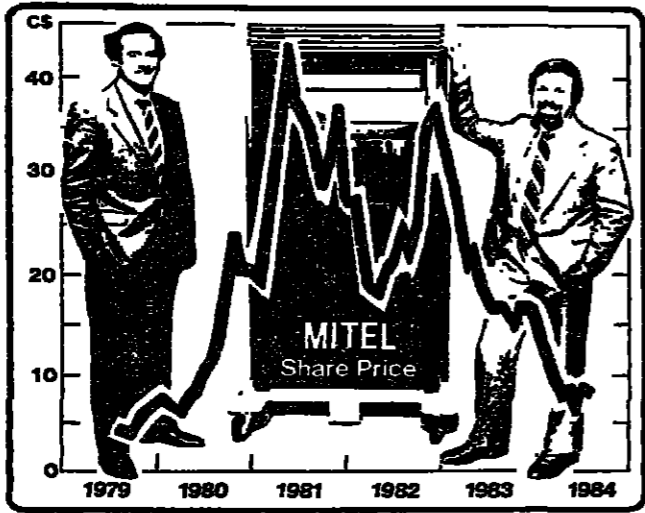
Mr George Gilmore, the turnaround specialist hired by Mitel earlier this year from McKinsey and Company, the U.S. management consultancy says: "What we're trying to do is to bring a change of culture which brings some management disciplines to build onto the company's entrepreneurial strengths."

Mitel's excess capacity has been trimmed and operations at several plants rationalised. The workforce has shrunk from 6,400 to 5,200. A semiconductor plant in Burlington, Vermont has been closed, resulting in higher utilisation of another facility at Bromont, Quebec.

Plans for a manufacturing facility in France have been shelved, and the company is looking for a buyer for a new, unused plant in New Brunswick, Eastern Canada. It has substantially reduced its equity stake in its Irish operation.

Research and development spending is being pruned. The R&D budget shrank from C\$25.8m in the final quarter of the 1983-84 fiscal year to C\$16.6m in the three months to May. Mitel's spending in this field, expressed as a percentage of sales, was more than double the average for the Canadian telecommunications equipment industry last year.

The company has begun



Graham Leaver

Mr Mike Cowpland (left) and Mr Terry Matthews, Mitel's founders with the SX-2000 switchboard, delays in the introduction of which brought problems for the telecommunications star

deliveries of the much-heralded, but long-delayed, SX-2000 system.

The system is an attempt by Mitel to break into the market for large (over 1,000 lines) PABXs, which presently account for almost a third of total world PABX sales. Mitel built its reputation during the 1970s on small, inexpensive systems. The SX-2000 model now being sold has up to 2,000 lines and its capacity will be extended to 3,500 lines in 1985.

Mitel hopes that its compact size, the promise of future refinements and a competitive price will ensure its popularity. Some 250 SX-2000 machines are due to be built this year. Mr Matthews says that 70 are already in service with customers, about 60 per cent of them in Europe (mostly Britain), a third in Canada (several with government agencies) and the remaining 10 per cent in the U.S. Another 50-60 units are being used for field testing and demonstration.

The company has a number of products planned for introduction next year, mostly refinements of its existing range. It is in the process of launching the Generic 1000, which will add digital data capability to Mitel's ageing SX-200 PABX system, as well as more than doubling the SX-200's capacity to around 350 lines.

Despite the hopeful signs, Mitel faces a number of hurdles on the path to recovery: it has not yet renegotiated a C\$100m line of credit from Royal Bank of Canada and Barclays Bank, which expires on October 31. Its long-term debt stood at C\$198m at the end of May, equal to 73 per cent of shareholders' equity.

The advent of the SX-2000 and other new products, coming on top of rapid international expansion, has transformed Mitel in the past few years from a Canadian manufacturer with a limited product range to a substantial multinational operation. At the heart of its recent problems has been the control of this transformation.

Mitel's founders, Mr Matthews and the current chairman, Dr Michael Cowpland, between them still own 24.3 per cent of the company's shares. Mr Matthews dismisses suggestions that he should step aside: "I could argue that the company is as innovative today as it was when we started. You can't bring in someone who is strictly operational or strictly financial and have the company turn around and grow."

The two may not be willing to relinquish control of the business but there is evidence that they too recognise the need for change from purely entrepreneurial to a more structured and financially stable environment.

Mr Matthews has said publicly that the controlling shareholders are ready to discuss participation by new investors. He will not be drawn on how far negotiations, if any, have progressed. GEC, the British engineering group, is among those which have considered buying a slice of the Canadian company, though it has now suspended talks. Hewlett-Packard, of the U.S., has confirmed that it held talks with Mitel earlier this year, but these ended inconclusively because the two companies' operations "did not fit together."

In the meantime, attention is focused on Mr Gilmore, the new vice-president of operations planning, whose task is to introduce more discipline into Mitel's operations without discouraging innovation and flair. Mr Gilmore says his aim is to devise systems which minimise the chance of "big mistakes," while being forgiving for ideas "bouncing off the walls." The former category includes the choice of new products and the location of manufacturing plants.

His most immediate priority has been to tighten inventory controls. In the 15 months to May the value of Mitel's inventories swelled by 43 per cent to \$168.3m. Mr Gilmore says that new controls—ranging from a simple reduction in raw material stocks to careful analysis of the risks of holding different types of product—have begun to pay off. Stocks began to decline in August, and he expects a more dramatic fall over the next four or five months.

In the longer term, the priorities include more careful planning for the introduction of new products and the location of manufacturing facilities. One decision which will have to be taken in 1985 will be the feasibility of an SX-2000 plant in the U.S. Mitel may be more amenable in future to joint ventures and to allowing other companies to manufacture or design parts of its products.

Mr Gilmore has raised the profile of operations managers, while trying not to tread on the toes of valuable engineers and designers. Two senior posts in Mitel's U.S. operations have been filled by former IIT and Motorola executives. A weekly update of management information has replaced an informal "variance by telephone" method. Terry Matthews now participates in a daily review of Mitel's operations.

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THE PROPERTY MARKET BY JOAN GRAY

Hallamshire seeks sites in south

HALLAMSHIRE Developments, the property subsidiary of northern-based mining and oil company Burnett and Hallamshire Holdings, is moving south.

The company is negotiating to buy three industrial sites in the south of England, including one by the M4. It has also bought a site for office development in Crawley, in West Sussex, for £700,000.

The industrial sites are all on "land costing from £1m to £1m an acre," said Mr Roger Whitaker, Hallamshire Development's managing director, and will include developments suitable for hi-tech occupants.

The office development site Hallamshire has bought at 229-233 London Road, Crawley, is a freehold plot beside the headquarters of British Caledonian Airways. The site will be developed to produce 20,000 square ft of offices on five floors, with completion scheduled for October 1985.

Hallamshire's first southern development, the 56m 123,500 sq ft Hallamshire Centre at Durnsford Road Industrial Estate in Wimbledon is now open.

The freehold of two of the seven units has been sold, a third has been let, and the agents, D. E. and J. Levy and Quinton Scott, report considerable interest in the remainder.

Industrial regeneration 'a good investment'

DEVELOPERS PAYING top prices for industrial sites in the south-east in the hope of attracting high-paying high-technology companies to occupy them could be getting it all wrong, according to the Industrial Building Bureau.

"The demand for high-technology land is based on what is in essence a myth," says Mr Geoff Varrall, the IBB's research officer.

"The new electronics industries may be growth prospects, but the greater requirement for new industrial building in future is going to come from renaissance traditional engineering companies."

Rather than chasing after each other to pay fairytale prices of about £1m an acre for land near Slough, the IBB says developers should be turning their attention to the revival in the older industries and their need for new sites.

As Mr Richard Hermon the IBB's director puts it: "There are also enormous opportunities refurbishing and rebuilding the traditional industries which are still the great bulk of Britain's manufacturing capacity."

Mr Varrall points out, "If you look at actual sales, electronic data processing equipment refurbishing and rebuilding the older industries which are still the great bulk of Britain's manufacturing capacity."

Mr Varrall points out, "If you look at actual sales, electronic data processing equipment refurbishing and rebuilding the older industries which are still the great bulk of Britain's manufacturing capacity."

of electronic data processing equipment were £555.6m, compared to £57.3m for wooden and upholstered furniture.

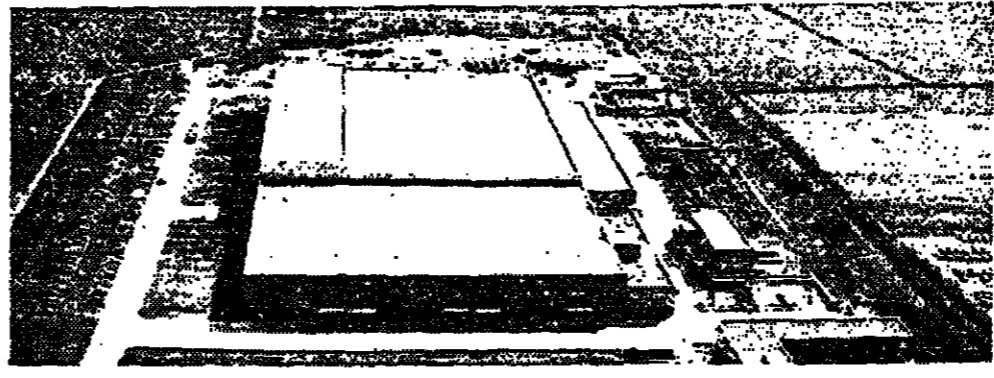
Radio and electronic capital goods, electronic sub-assemblies and components and electronic consumer goods add on another £1.4bn, but this is still only a small proportion of Britain's manufacturing output—and the volume of sales is reflected in the volume of investment in new buildings.

Research to be published by NEDO next month shows that even during the 1970s "the traditional engineering sectors of engineering and food, drink and tobacco accounted for nearly 40 per cent of total manufacturing investment in new buildings."

NEDO predicts that growth in demand for industrial construction will come primarily from companies within the traditional industrial sectors.

"On the basis of the actual share of manufacturing production for which growing industries account, it is the replacement market for existing activities which is seen as a prime target for industrial construction," the report says.

"Indeed, it is in some of our older and contracting industries where the biggest scope exists for renewal. When it comes to the prospects for industrial building, demolition and reconstruction on the same site in more compact premises, with better materials handling and larger external circulating areas, are what many firms



The new Cleveland Bridge works at Darlington—the greater requirement for new industrial building in future is going to be from renaissance traditional engineering companies.

need. Foundries, metal manufacturing, automobiles and other engineering and metal industries provide a fertile area for this kind of development."

The regeneration in traditional industry the IBB sees is not restricted to large companies, but also involves the subcontractors which supply them.

"Companies which have retrenched and are now going to reinvest may not put all their work in-house but out to subcontractors," said Mr Varrall. "So I can see a scenario where a large company rationalises and moves to a large new site near the original site, and on the original site you can get small new units built by a developer for new satellite companies which have sprung up to serve the first one."

The case Mr Hermon likes to

site to illustrate his point about opportunities in renewing older industries in a steel construction company, Cleveland Bridge and Engineering of Darlington, a member of the Trafalgar House group.

Based for 100 years on a site near the railway in the centre of Darlington, Cleveland Bridge had become far less efficient than its competitors, with more than 50 per cent of added costs incurred from moving materials across its site.

With £26m investment agreed by Trafalgar House, the company decided to move to a new site near the existing factory. The result was a threefold increase in productivity, good response from the labour force, and a management which says it would have been impossible to

stay in business without the investment.

The IBB's conviction that money is just as likely to be available in the traditional engineering sector as in high technology has several implications for the industrial property market.

The first is a clear warning that unwary investors could "catch a cold with hi-tech land."

"There has been a lot of hype in the hi-tech area which is not really justifiable," said Mr Hermon. "And whereas I would be chary of saying people paying large sums at the moment are going to lose out, the curve of confidence ought to be flattening out."

Another is that investors should stop just looking at land south of Watford and turn their eyes northwards again.

"Companies which have been

in business for a number of years do not want to move far or they will lose half of their labour force," said Mr Varrall. "So I could predict a great demand for land in the traditional areas which have been neglected."

A further change is wider in its implications, requiring developers to play a more active part in making traditional manufacturers aware of the benefits of upgrading their buildings, and helping them to put a development package together.

In the Cleveland Bridge development, the new factory was backed by Trafalgar House—and property developers in future should be able to think like that to solve the nagging problems faced by industrialists," said Mr Varrall.

Britain has a legacy of not just unsuitable old industrial buildings but unsuitable, and often chronically unlettable, new industrial buildings, put up without thought of the needs of the companies that would occupy them. The IBB and NEDO alike emphasise that the companies which will be successful in selling into the replacement market for older industries will be those "which offer a comprehensive package for progressive redevelopment, including financing, design and execution, with the minimum of disturbance to production flows."

"Construction to 1990," NEDO, to be published October 1984.

Wimbledon deal for Speyhawk

SPEYHAWK has been chosen to act as developer in a £38m plan to revitalise Wimbledon's town centre with new shops and offices opposite the station.

The scheme—known as the Wimbledon Bridge Development because part of the site comprises a deck to be constructed above the railway tracks to the south of Wimbledon Bridge—includes a new 85,000 sq ft store for Marks and Spencer, two other shops, 375 car parking spaces, and a six-storey, 120,000 sq ft office block.

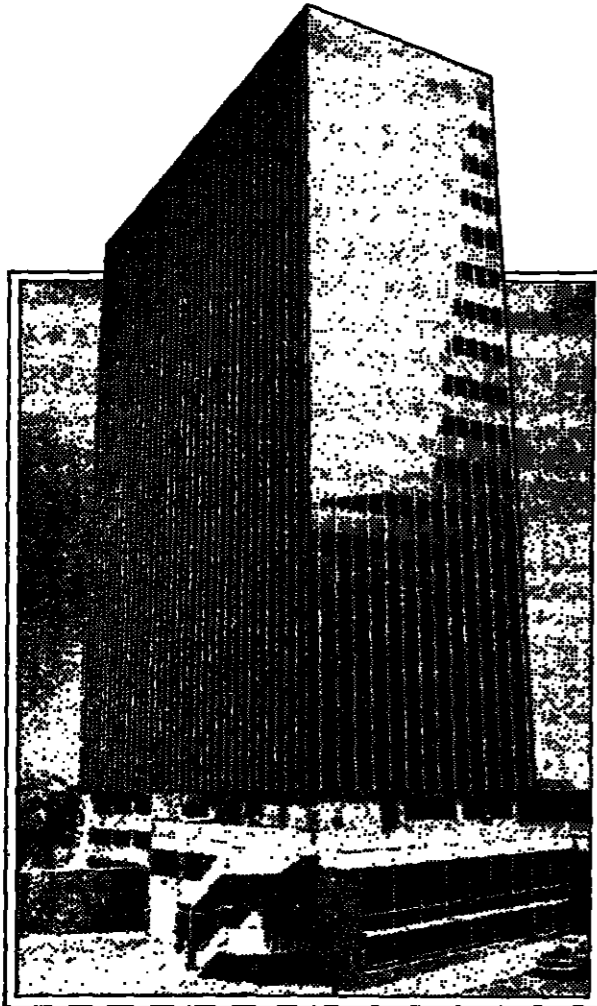
Speyhawk is also being asked to put forward proposals for the next stage of redeveloping Wimbledon Town Centre, building a full range of shops and car parking spaces on a site next to the town hall.

Hongkong Land welcomes deal

MR DAVID DAVIES, managing director of Hongkong Land, has welcomed the terms of the joint Sino-British agreement on Hong Kong's future.

"The recognition and protection beyond 1997 of existing land leases including 999 year leases as are applicable to the built of Hongkong Land's commercial and residential portfolio, together with equitable renewal terms of leases which expire before 1997 will provide investors with the reassurance they require," he said.

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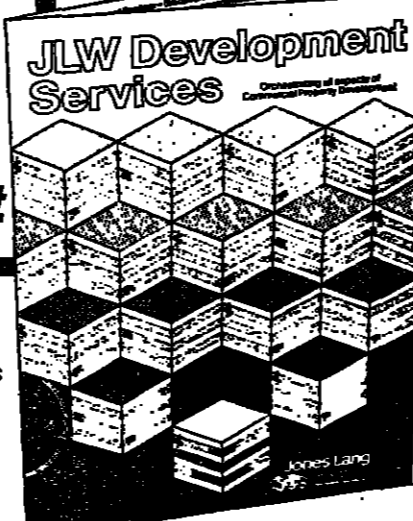
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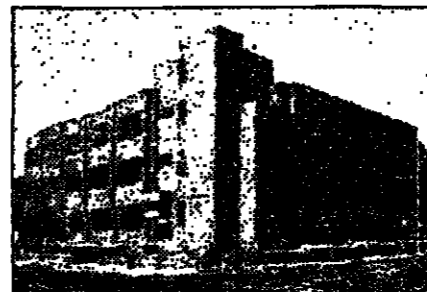
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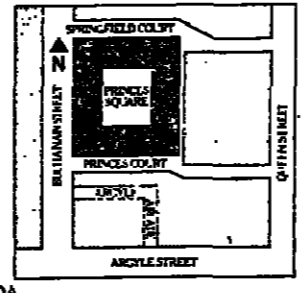

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Table with 2 columns: Bond Number and Amount. Includes sub-headers for \$25,000, \$10,000, and \$5,000.

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DATED 28th September, 1984

For and on behalf of The Rank Organisation Plc R.C. Over, Secretary

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Financial Times 10 Cannon Street, EC4P 4BY

SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Friday September 28 1984

NEW YORK STOCK EXCHANGE 29-30 AMERICAN STOCK EXCHANGE 29-30 U.S. OVER-THE-COUNTER 30, 38 WORLD STOCK MARKETS 30 LONDON STOCK EXCHANGE 31-33 UNIT TRUSTS 34-35 COMMODITIES 36 CURRENCIES 37 INTERNATIONAL CAPITAL MARKETS 38

WALL STREET

Prime cuts meet with approval

A ROUND of prime rate cuts by major U.S. banks, following the lead given by Morgan Guaranty last Friday, provided a spur to prices in Wall Street stock markets yesterday, writes Michael Morgan in New York. In the credit markets, prices of Treasury coupon issues were broadly higher in the wake of a Federal funds rate that opened back up at 11 per cent and also on the reappearance of some retail buying demand. The stock markets opened strongly ahead but eased back as the morning progressed on volume that had picked up from the levels seen in recent days. By 3pm the Dow Jones Industrial average was up 5.42 at 1,217.54. Among Treasury coupon issues, note prices traded between 1/8 and 1/4 firmer, while bonds were up to 1/2 higher. The key long bond, the 12 1/2 per cent of 2014, added 1/8 to 102 3/8. At the short end, the yield on the three-month Treasury bill dipped 3 basis points to 10.17 per cent while the six-month bill, yielding 10.28 per cent, was 4 basis points lower. Money market rates were broadly lower. Corporate bond prices were higher in light trading. Late in the day, the Treasury was due

to announce the results of the auction of \$8.25bn of one-year notes. In the stock markets, IBM added a further \$1 to \$125 1/2, while Rolm, which it is acquiring, put on a further \$4 to \$64 1/2. AT&T added \$4 to \$19 1/2 following a ruling by the Federal Communications Commission that the company and its former operating units cannot pass on to customers the costs of court actions and judgments resulting from Federal antitrust suits. Instead, shareholders must bear the costs. Among other blue chips, Teledyne fell \$1 1/2 to \$28 1/2, and Texas Instruments dipped \$4 to \$124, but General Electric put on \$2 to \$56, and Merck advanced \$3 to \$83 1/2. In the motor sector, General Motors added \$1 to \$79 1/2 in the wake of the endorsement given to its tentative contract with the United Auto Workers' General Motors council, which clears the way for members to begin voting. Ford was \$3 ahead at \$47 1/2 while Chrysler put on \$1 to \$31 1/2. Among the aerospace issues, General Dynamics fell \$2 to \$80 1/2 following a call by the chairman of a congressional committee for the Securities and Exchange Commission to investigate whether the group's chairman withheld unfavourable corporate financial information or otherwise misled the public. Boeing added \$1 to \$54 1/2. National Semiconductor put on \$1 to \$13 following the latest quarterly results showing a sharp rise in net earnings. Control Data added \$1 to \$28 1/2, but Advanced Micro Devices shed \$1 to \$34 1/2. Datapoint, the data processing systems manufacturer, added \$3 to \$14 1/2 as it unveiled products which will enable

its office communication network to link with IBM personal computers. Among active issues on the New York Stock Exchange, Sony, traded as an American Depository Receipt (ADR), put on \$4 to \$16 1/2. Motorola dipped \$1 to \$36 1/2, but Eli Lilly added \$1 to \$55 1/2. Sperry was up \$1 at \$37, Superior Oil \$1/2 at \$44 1/2 and Phillips Petroleum \$1/2 at \$39 1/2. Chevron eased \$1 to \$36 1/2, and Standard Oil of Ohio was \$1/2 lower at \$47 after they reached agreement in principle for Sohio to acquire marketing and refining properties in the south-east U.S. from Gulf Corp, of which Chevron is the parent company. Stock in G.D. Searle, the drugs and health care equipment group, was delayed from the opening ahead of an announcement, prompted by press speculation, that the Searle family had asked management to consider ways of diversifying the family's holdings in the company. The shares later returned to trade up \$7 1/2 at \$58 1/2.

LONDON Rate moves add shine to gilts

CONFIDENCE emerged during late trading in London, carried by interest rate optimism and secret peace overtures to end the miners' strike. Government stocks were responsive to news that major U.S. banks were falling into line with the lower prime lending rate announced last week by Morgan Guaranty. Domestic and overseas investment demand emanating from a higher sterling exchange rate against the dollar also helped to lift gilts. Equities attempted an early forward move, but it faltered owing to a lack of interest before resuming after hours. A strong opening on Wall Street also helped the tone of late trading, and the FT Industrial Ordinary index closed 3.0 higher at 972.0. Renewed demand for clearing banks, which rose strongly on Wednesday, found stock in short supply. Barclays rose 20p to 510p, and Lloyds 17p to 50 1/2p. Discount houses responded to both cheaper money trends and the rise among gilts. Chief price changes, Page 30; Details, Page 31; Share information service, Pages 32-33.

SINGAPORE

END-OF-MONTH covering underpinned an improved sentiment in Singapore, ending several weeks of lethargic trading. The Straits Times index advanced 5.41 to 901.22, with rises outnumbering falls two-to-one and turnover up from 7.8m on Wednesday to 8m. The appearance was noted of institutional and foreign investors who have been largely absent since the market's drift began. Price movements were small, but activity broadened to include many stocks that had been sparsely traded. Most active was again Pan Electric, which traded 1.2m shares, to close 2 cents higher at \$33.34, while Pahang Consolidated added 5 cents to \$51.43 on a turnover of 796,000 shares. UOB featured in the banking sector with a 12-cent rise to \$4.74, while plantations and industrials were generally firmer.

AUSTRALIA

A RALLY, fuelled by bargain hunters and a shortage of sellers, pushed industrial and resource stocks higher in Sydney, although turnover remained thin. The All-Ordinaries index closed 6.1 higher at 727.4, while the Metals and Minerals index rose 8.3 to 447.7. The banking sector was firmer, with Westpac and National each adding 1 cent to A\$3.72 and A\$3.33 respectively. The leading retailer Myer dropped 10 cents to A\$1.80 following the announcement of a lower-than-expected annual profit. Base metal producer MIM rose 11 cents to A\$2.88 on suggestions that BHP may be planning a takeover move. BHP was 15 cents higher at A\$10.25.

CANADA

MOST MARKET sections turned slightly upward during slow trading in Toronto. Price changes were marginal. Oil and mineral stocks failed to receive the support shown in recent sessions but managed to hold their ground in the absence of selling. Montreal also firmed on steady turnover.

EUROPE

Divergent factors dominate

DIVERSITY returned to the European bourses yesterday as some centres continued to react to sustained local influences while interest rates developments in the U.S. occupied the attention of others. Frankfurt, strong earlier in the week, finished lower as the Commerzbank index slipped 5.3 to 1,057.8, although the overall bullish tone was claimed to be intact and it was said that end-of-month and end-of-quarter pressures had deterred buyers. Profit-taking among car makers failed to hold back BMW, DM 2.50 up at DM 333.50, although Daimler lost DM 3.80 to DM 590.70 and VW slipped DM 1.50 to DM 182. Schering's DM 1 fell to DM 392 preceded its plans to invest in a new fungicide venture in the UK while Mannesmann's contract for a 200,000 tonnes per year steelworks in Yugoslavia arrived too late to halt a 40 pf decline to DM 156.50. Advances included an oscillating Allianz, DM 9 ahead at DM 999, Degussa DM 1 up at DM 369 and KHD, DM 3.50 higher at DM 256.50. Preussag maintained its early rise to end DM 3 up at DM 256.50. Optimism over U.S. credit markets boosted bonds as high as 50 basis points, and the Bundesbank was active with sales of DM 51.7m in paper compared with Wednesday's DM 2.1m sales. Amsterdam was active, with a number of shares reaching new highs for the year for the second consecutive session. Royal Dutch, Fl 2 stronger at a new high of Fl 180.30, was joined at the peaks by VNU, Fl 2.80 up at Fl 184.80, while Nedlloyd's 20 cent rise to Fl 150.20 was sufficient to notch up another 1984 high. A repeat performance in the bond market brought the CBS bond index to another record for the year with a 0.2 point advance to 103.5, and the average yield for government bonds declined to 7.85 per cent (7.87). Boskalis, suspended at Fl 11.70, is expected to resume trading today, although its restriction to the inactive list has been made permanent by the exchange following the group's heavy losses from overseas contract work in the first half. The ANP-CBS General index rose 0.4 to 177.5. Utilities were weak in Brussels as the prospect of nationalisation of their distribution networks in Wallonia - although remote - continued to unsettle their share prices. Ebes was a further BFr 40 down at BFr 2,780, and Intercom dropped BFr 45 to BFr 2,135. Electrolab, however, managed a BFr 50 gain to BFr 8,110. Star performer of the day was Vieille Montagne, the zinc producer, which rose BFr 400 to BFr 5,300 in light volume. Petrofina recovered the BFr 10 loss of

the previous session to trade again at BFr 7,890. More buoyant banks emerged in an active Zurich as Bank Leu gained SwFr 40 to SwFr 3,640 and Union Bank rose SwFr 20 to SwFr 3,415. Elsewhere, Nestle advanced SwFr 60 to SwFr 5,260, and Motor Columbus gained SwFr 9 to SwFr 784 on further consideration of the dividend resumption. Bonds were steady. A stronger Paris saw advances in electricals, car makers and resource issues. Leisure stock Club Med was FFr 20 easier at FFr 1,080, while Imetal rose FFr 3.40 to FFr 94 on its profits turnaround. The Penenti rally was again in contrast to a lower Milan as Italmobiliare rose L750 to L53,500 in later after-hour trading which also took the cement unit, Italcementi, L500 higher to L53,500, having lost L1,000 earlier. Higher electricals and steady banks were the main features in Madrid while Stockholm saw active car makers, with Volvo SKr 2 up at SKr 234.

HONG KONG

Pact offers foundation for hope

THE SINO-BRITISH accord guaranteeing Hong Kong economic autonomy for 50 years was yesterday embraced by investors, who viewed it as a formula ensuring relative share market stability and an impetus for immediate buying support. The Hang Seng index returned above the 1,000 barrier with a 15.19 rise to 1,014.98, and turnover, bolstered by international interest, rose in volume and value terms. Compounding the enthusiasm was speculation that Hong Kong Association of Banks will cut the prime lending rate from 14 per cent when it meets tomorrow. While the assurance of economic freedom encouraged broad optimism, investors picked through the terms to single out specific areas which are likely to benefit most. Property stocks posted strong gains as a result of an undertaking that land rights would extend beyond the Chinese takeover in 1987. Hongkong Land added 15 cents to HK\$3.30, and Sun Hung Kai Properties 25 cents to HK\$7.05. A clause granting Hong Kong the right to determine most aviation rights after the takeover eased concern about the future of Cathay Pacific. Its parent company Swire Pacific firmed 30 cents to HK\$18.20. The retention of the existing currency and exchange structure instilled confidence in the banking sector. Bank of East Asia added 20 cents to HK\$21.0, Hang Seng 50 cents to HK\$35.50 and Hongkong and Shanghai 15 cents to HK\$6.90. The Hong Kong dollar firmed in inter-bank trading, which traders attributed in part to heavy international corporate buying.

TOKYO

Blue chips sustain popularity

BUOYED by an overnight surge on Wall Street, prices advanced in Tokyo yesterday for the fourth straight session, writes Shigeo Nishiwaki of Jiji Press. Buying interest remained lively in some blue chips, particularly Hitachi, Matsushita Electric Industrial and other issues traded in New York as American Depository Receipts (ADR). But these stocks later eased on profit-taking. As interest faded, incentive-backed shares such as JEOL, a leading manufacturer of electron microscopes, again attracted buyers. The Nikkei-Dow Jones market average improved 23.81 to finish at 10,643.87 on volume of 367.41m shares, down 94.93m from the previous day's 462.34m. The sustained popularity of some blue chips is attributed to the strategy of large securities companies for their new accounting year beginning in October which sees issues associated with semiconductors, new materials, biotechnology and plant and equipment suppliers as pacesetters. Toshiba, which had topped the active list for 11 successive sessions until Wednesday, was traded briskly but came under profit-taking pressure. It lost Y15 to Y473 on a volume of 18.12m shares and was the second most active stock. Sony, which had surged on reports of strong operating results, succumbed to profit taking and eased Y70 to Y4,100. Mirroring their good performances on Wall Street, many ADR issues returned to favour. Hitachi gained Y6 to Y903, Fuji Photo Film Y40 to Y1,770, Pioneer Y40 to Y2,780 and Toyota Motor Y30 to Y1,390. Some investors turned their attention to incentive-backed issues. Mitsubishi Mining and Cement, the most active with 18.3m shares traded, drew strength from news that it was manufacturing materials for semiconductors and put on Y15 to Y363. Elsewhere, Nippon Gakki rose Y70 to Y1,270 on increased demand for semiconductors, and JEOL gained Y105 to Y1,040. Pharmaceuticals generally performed well, with Daiichi Seiyaku adding Y110 to Y1,610. Foreigners continued to buy non-life insurance issues, pushing Tokio Marine and Fire Insurance up Y30 to Y629. Sumitomo Marine and Fire Insurance Y40 to Y440 and Yasuda Fire and Marine Insurance Y22 to Y297. The bond market firmed. In anticipation of a further decline in U.S. interest rates, three large trust banks and one city bank bought Y30bn to Y60bn worth of bonds with about 9 years remaining to maturity. The yield on the benchmark 7.5 per cent government bond due January 1993 slipped to 7.125 per cent from 7.160 per cent Wednesday.

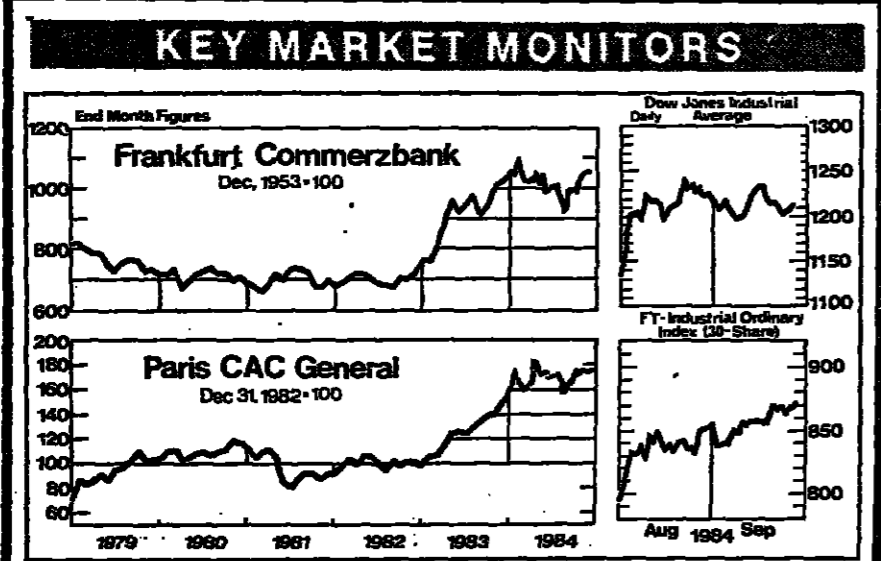


Table with columns: STOCK MARKET INDICES, CURRENCIES, U.S. BONDS, FINANCIAL FUTURES, COMMODITIES. Includes data for New York, London, Tokyo, Australia, Singapore, South Africa, Canada, and World.

Table with columns: CURRENCIES, U.S. BONDS, FINANCIAL FUTURES, COMMODITIES. Includes data for U.S. Dollar, Sterling, Swiss Franc, Deutsche Mark, French Franc, Japanese Yen, and various bond and commodity prices.

G.T. JAPAN INVESTMENT TRUST, p.l.c. An outstanding long term growth record. Includes a line graph showing the Index (Yen) from 1979 to 1984, and a SUMMARY OF THE YEAR ENDED 30th JUNE 1984 with financial data.

Prices at 3pm, September 27

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices for various companies, organized into columns with headers like '12 Month High', 'Low', 'Stock', 'Div. Yld.', 'P/E', '100s High', 'Low', 'Close', 'Open', 'Change', 'D/C'. Includes sub-sections for 'D-D-D', 'C-C-C', 'H-H-H', 'M-M-M', 'P-O-O', and 'P-D-O'.

Continued on Page 29

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AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, September 27

Main table of American stock exchange composite prices, organized by sector (A through Z) and listing various stocks with their respective prices and changes.

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of New York stock exchange composite prices, organized by sector (A through Z) and listing various stocks with their respective prices and changes.

Notes and disclaimers regarding the data, including statements about the accuracy of the information and the source of the data.

Advertisement for 'FINANCIAL TIMES EUROPEAN BUSINESS NEWSPAPER' featuring a dog and text about delivery in Paris and Lyon.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, and others. Columns include stock names, prices, and changes.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of over-the-counter stock prices from the Nasdaq national market, listing various stocks and their prices.

LONDON

Chief price changes (in pence unless otherwise indicated)

Table of London stock price changes, listing various companies and their price movements.

CANADA

Table of Canadian stock prices, including Toronto and Montreal markets.

AMERICAN STOCK EXCHANGE PRICES

Table of American stock exchange prices, listing various stocks and their prices.

What's special about these Danish companies?

Advertisement text describing Danish companies and their services.

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WORLD ECONOMIC INDICATORS

every Monday in the Financial Times

Handwritten text at the bottom of the page.

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate cuts and report of new pit peace formula bring confident close

Account Dealing Dates
*First Declared Last Account
Dealings then Dealings Day
Sept 27 Sept 28 Oct 8
Oct 1 Oct 11 Oct 12 Oct 22
Oct 15 Oct 25 Oct 26 Nov 5

Interest rate optimism coupled with a report of a "behind the scenes" new peace initiative in the miners' dispute generated confidence in London markets yesterday. Investors' hopes that the transatlantic trend towards cheaper borrowing costs would begin soon, came to fruition when the major U.S. banks fell into line with the lower prime lending rate announced last week by Morgan Guaranty.

Government stocks were mainly responsible for an untapped market under little pressure from the authorities to find the partly-paid tax stock. Treasury 10 1/2 per cent convertible 1992 ran out late on Wednesday at 90 1/2. Domestic and overseas investment demand emanating from a higher stock exchange rate against the dollar took quotations higher. A mid-afternoon reactionary tendency was short-lived and afternoon news of the new pit peace initiative, which in the late trade was the highest of the session.

Equities attempted a forward move initially, but it faltered owing to the lack of interest before resuming again after hours. A strong Wall Street tone in the early business also helped late settlement and the FT Industrial Ordinary share index, after being fractionally easier at 3.00 pm, closed at 3 points up at 872.0. Business was affected by end-account influences with the exception of the financial press. Renewed demand for the clearer banks drove stocks in short supply, while Discount Houses responded to both cheaper money trends and the rise in gilt-edged stocks.

Banks below best

The IMF/Argentina news continued to boost the market clearing banks and the FT 100 index moved in a market short of stock before profit-taking left the majority below the best. NatWest settled 7 higher at 530p, after HSBC, as did Midland at 355p. Lloyds moved up to 509p prior to closing 1/2 higher on balance at 506p, but Barclays finished 20 up at the day's best of 510p. Discount Houses were sharply higher reflecting their gilt-edged portfolios and interest rate optimism. Renewed demand

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, 27 Sept, 26 Sept, 25 Sept, 24 Sept, 23 Sept, 22 Sept, Year ago. Rows include Government Secs, Fixed Int., Ind. Ord., Gold Mines, and Shares traded.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index, High, Low, Since Close, S.E. Activity. Rows include Govt. Secs, Fixed Int., Ind. Ord., and Gold Mines.

half trading prospects and shed 8 to 35p, but Redland finished 4 to 28p following the annual meeting. Among Contracting and Construction issues, George Wimpey's poor half-year figures came as a surprise and the shares, particularly weak recently, dipped to 87p before back-covering left the close a penny dearer on balance at 102p. Aberdeen Construction firmed 4 to 175p, after 18p, despite reduced interim profits, and Newarthill hardened a couple of pence to 55p on half-year profits in line with market estimates. John Laing shed 2 to 192p following a broker's cautious review, while John Mowlem rose 8 to 212p owing to lack of interest. The share price of URM continued to attract support and firmed 2 to a 1984 peak of 165p on hopes that Norcross may eventually bid. Timber shares were mixed, with Southern rose 10 to 132p and Meyer International gained 6 to 115p. ICI slipped to 646p before revived American demand left the close a net 4 up at a 1984 peak of 654p. Among other Chemicals, Croda International

GUS up again

Buyers continued to show selective interest for leading Stores. Once again, GUS's 1981 were in the limelight, rising 12 to 595p, a gain of 40 since the beginning of the week. Habitat 67 firmed 5 to 290p for a two-penny advance to 16 at 334p. Barton rose 4 to 297p. Recent favourite Woolworth succumbed to sporadic profit-taking in a narrow market and slipped a few pence to 515p.

Secondary Stores closed around the day's best, although gains were often attributable to a squeeze on bear positions. Borden Construction firmed 4 to 175p, after 18p, despite reduced interim profits, and Newarthill hardened a couple of pence to 55p on half-year profits in line with market estimates. John Laing shed 2 to 192p following a broker's cautious review, while John Mowlem rose 8 to 212p owing to lack of interest.

Leading Electricals put on another unimpressive performance, although the trend was to slightly higher levels. Reviewed bid speculation lifted Ferranti 12 to 174p, while support continued for Gerner Kerr which put on 7 more to 355p. Logica were also advanced 10 to 192p, while Sand Diffusion, awaiting next Wednesday's interim figures, improved 4 to 154p.

Traded option business remained buoyant with total contracts transacted yesterday amounting to 4,783 comprising 3,903 calls and 880 puts. The FTSE 100 index attracted 1,235 calls and 63 puts. Interest elsewhere was more selective than at 10p. Trifalgar House, a relative backwater since its introduction earlier this month, came to life and recorded 700 calls, 621 in the October 280's which advanced 9 to 17p. Courtaulds were also lively with 447 calls.

NEW HIGHS AND LOWS FOR 1984

Table listing new highs and lows for 1984 across various sectors like Industrial, Foreign Bonds, and Shares.

Trif. House good

Enlivened by hopes that the company could win a £160m contract to build a second road bridge across the Bosham estuary, Trifalgar House encountered fairly persistent buying and closed 14 up at 290p. Other miscellaneous industrial leaders traded rather quietly but finished the day on a steady to firm note. Among secondary issues, Courtenay Pope were up 10 to 229p following good preliminary figures.

Quiet Mines

Activity in mining markets was reduced by the Jewish New Year holiday and the closure of the Melbourne market for a public holiday. South African Golds opened on a steady note and thereafter moved within a narrow range to close with modest overall losses. Bullion failed to give much of a lead to the share market, and closed a net 52.00 easier at 5345.5 an ounce, despite the prime rate cuts by leading U.S. banks.

Notwithstanding the quiet performance by Golds, a number of the South African Financials made good progress boosted by persistent Johannesburg buying interest. Miners were particularly favoured and rallied 10 more to 550p, while Anglo American Corporation attracted good support to close 3 firmer at 511.

London-registered Financials were sustained by the underlying firmness of domestic equity markets. Anglo Water & Power, the sector higher and settled 9 to the good at 557p, while Consolidated Gold Fields and Charter Consolidated added 5 apiece at 505p and 240p respectively. East Rand Consolidated responded to speculative support and hardened 2 to equal the 1984 high of 53p.

Leading Australian showed good gains across the board, sentiment being boosted by the firm performance of Wall Street. Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1984. G Gross & Pence unless otherwise indicated. * Issued by underwriter. † Offered by issuer. ‡ Issued in connection with reorganisation merger or takeover. § Alteration terms (or fully-paid). ¶ Introduction. †† Unlisted Securities Market. ††† Pricing figures assumed.

Oils gain ground

Oils continued to make good progress against a background of firm crude oil prices, a decline in U.S. crude stocks and the recent round of forecast production cuts. Courtaulds advanced 10 more for a two-day gain of 17, while Shell attracted sustained buying interest and put on 15 to 689p, after 70p. Royal Dutch added a half-point to 542p.

British Petroleum put on 7 to 194p and LAMCO firmed 3 to a 1984 high of 353p. News of a rationalisation of some of the company's UK exploration interests left Tracton 5 up at 225p. Ultramar rose 2 to 275p. Among secondary issues, Carless Capel and Premier Consolidated held at 196p and 62p respectively; acceptances of Carless' share exchange offer for Premier are expected to be announced this morning. Charterhall edged up a penny to 67p following increased preliminary profits and dividend but Hudson Petroleum eased 2 to 52p in the wake of the interim loss.

EUROPEAN OPTIONS EXCHANGE

Table showing European options exchange data for various series like GOLD C, SILVER C, and others.

RECENT ISSUES

Table listing recent issues with columns: Issue, Amount, Price, etc.

FIXED INTEREST STOCKS

Table listing fixed interest stocks with columns: Issue, Amount, Price, etc.

"RIGHTS" OFFERS

Table listing rights offers with columns: Issue, Price, etc.

RISES AND FALLS YESTERDAY

Table showing rises and falls yesterday for various categories like British Funds, Foreign Bonds, etc.

WEDNESDAY'S ACTIVE STOCKS

Table showing Wednesday's active stocks with columns: Stock, Price, etc.

OPTIONS

Table showing options data with columns: Deal, Price, etc.

ACTIVE STOCKS

Table showing active stocks with columns: Stock, Price, etc.

LONDON TRADED OPTIONS

Table showing London traded options with columns: Option, Price, etc.

Table showing London traded options with columns: Option, Price, etc.

Table showing London traded options with columns: Option, Price, etc.

Table showing London traded options with columns: Option, Price, etc.

Table showing London traded options with columns: Option, Price, etc.

Table showing London traded options with columns: Option, Price, etc.

Table showing London traded options with columns: Option, Price, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing FT-Actuaries Share Indices with columns: Index, 27 Sept, 26 Sept, 25 Sept, 24 Sept, 23 Sept, 22 Sept, Year ago.

FIXED INTEREST

Table showing fixed interest rates with columns: Index, 27 Sept, 26 Sept, 25 Sept, 24 Sept, 23 Sept, 22 Sept, Year ago.

FT 100 SHARE INDEX: 1744.1 (+0.6) 1744.6 1736.4 1735.5 1725.9 1722.1 1727.0

††† Yield, Highs and low record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bankers House, Cannon Street, London, EC4A 3DF, price 15p, by post 20p.

Financial Times Friday September 28 1984

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

Commercial Vehicles

Table of commercial vehicle stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

SOFT AFRICANS

Table of soft African stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

PLANTATIONS

Table of plantation stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

PAPER, PRINTING

Table of paper and printing stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

TEXTILES

Table of textile stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

TOBACCO

Table of tobacco stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

FINANCE, LAND, etc

Table of finance, land, and other stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

INSURANCES

Table of insurance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

PROPERTY

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

OIL AND GAS

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

DAIWA BANK logo and contact information: Head Office: Osaka, Japan; London Branch: Tel. (01) 558-0341; Frankfurt Branch: Tel. (061) 59 02 31; DAIWA BANK (UK) LIMITED; London; Tel. (01) 726-6001-3.

MINES—Continued

Table of mine stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

Tins

Table of tin stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

Miscellaneous

Table of miscellaneous stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

NOTES: Unless otherwise indicated, prices and net dividends are in pence and based on latest reports and accounts, and where possible, are based on half-yearly reports and accounts. Dividends are shown in pence unless otherwise stated. Dividends are shown in pence unless otherwise stated.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

OPTIONS — 3-month call rates

Table of 3-month call rates for various options including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, change, and volume.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgrs., 3-5 Star Chartered, and others, with columns for name, manager, and performance metrics.

Table listing various unit trusts including British Group, British Overseas, and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Table listing various unit trusts such as Framingham Unit Mgt. Ltd., Key Fund Managers Ltd., and others, with columns for name, manager, and performance metrics.

Table listing various unit trusts including City of Westminster Assurance, General Portfolio Life Ass. PLC, and others, with columns for name, manager, and performance metrics.

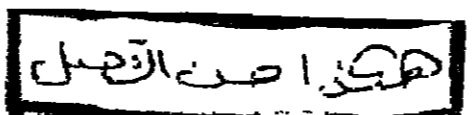
F.T. CROSSWORD PUZZLE No. 529

- ACROSS
1 Several kinds of birds (6)
4 This plant requires proper drainage (8)
10 Open with a play by G. B. Shaw (7)
11 Window-cleaner found in the mountains (7)
12 About to circle at speed (4)
13 Poor little creatures! (6, 4)
15 Flight difference of opinion? (6)
16 There's no catch in it (4, 3)
20 Keep away from others (7)
21 Code letter one has to eat repeatedly (6)
24 It's rather a colourless affair, mind (4, 6)
26 In certain charts it may indicate a mile (4)
28 Daughter of Minos gives a song with close backing (7)
29 Notices new military group (7)
30 A singular spectacle? (3-5)
31 Plays for time in the theatre (8)
DOWN
1 The principle of no credit (8)
2 Seven anti-reform citizens in Italy (9)
3 Close in and attack (4)
5 A hundred bound to be granted (8)
6 If one doesn't enter it one's pulled through (6, 4)
7 No, I am wrong, she was Ruth's mother-in-law (5)
8 A wren's new suit (6)
9 Hiding place many years to find (5)
14 Minor example of proportional representation (5, 5)
17 See Latin as an indispensable subject? (8)
18 Experiences initial difficulty in speech-making (8)
19 Elderly crew of experienced campaigners (3, 5)
22 In time beat up a relative (6)
23 Silly things, but capital savers (5)
25 He's forced to live off his land (5)
27 Tail cut to a point (4)
Solution to puzzle No. 528

Crossword puzzle grid with numbers 1-31 indicating starting positions for the clues.

Table listing various unit trusts such as Framingham Unit Mgt. Ltd., Key Fund Managers Ltd., and others, with columns for name, manager, and performance metrics.

Table listing various unit trusts including City of Westminster Assurance, General Portfolio Life Ass. PLC, and others, with columns for name, manager, and performance metrics.



هذه الصفحة

Financial Times Friday September 28 1984

INSURANCE, OVERSEAS & MONEY FUNDS

Table of financial data for various insurance and fund companies, including Liberty Life Assurance Co Ltd, National Provident Institution, and Life Assurance Co of Pennsylvania.

Table of financial data for insurance and overseas funds, including Sava & Prosper Group, Target Life Assurance Co Ltd, and various international investment funds.

Table of financial data for money funds and other financial instruments, including DAL Investments (IOM) Ltd, Capital International Fund SA, and various international investment funds.

Table of financial data for money market bank accounts and other financial services, including Midland Bank Tr. Corp. (Jersey) Ltd, Sunbelt Management Limited, and various bank accounts.

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

Automated futures trading date set

BY JOHN EDWARDS, COMMODITIES EDITOR

INTEX, which claims to be the first fully-automated futures exchange in the world, will start trading a gold futures contract on October 25, it was announced yesterday.

The Bermuda-based International Futures Exchange said trading would be initially confined to about 50 micro-computer stations or screens, sited mainly in London, Chicago and New York.

These would deal through the master-computer in Bermuda and two computer centres in London and Virginia, U.S. All transactions would be cleared by the International Commodities Clearing House, London.

Initial trading hours would be 13.30 hours to 21.00 hours Greenwich Mean Time—8.30 am to 4.00 pm Eastern Standard Time in the U.S.

The gold futures contract would be for lots of 100 ounces, with similar specifications to the New York (Comex) gold market. Intex plans to introduce additional contracts for silver, ocean freight rates and U.S. Treasury Bonds.

If it proves successful, Intex could revolutionise futures trading because it replaces floor dealers at a central point with computer stations sited in individual members' offices or homes.

Eugene Grummer, Intex president, said simulated trading sessions had proved completely successful and the system offered several advantages over traditional trading-plots.

None the less, considerable scepticism remains among futures dealers about whether the system will work efficiently. It is noted that Intex has suffered considerable teething problems.

It was first formed in 1981 but after a series of false starts, with the opening date being constantly delayed because of technical problems, the original sponsors decided to withdraw and the whole idea was nearly scrapped.

This June, Dominion International Group acquired a 25 per cent stake for \$300,000 (£241,545), providing additional funds for the final stages of development and launch of the exchange. Altogether about \$9m has been spent in developing Intex.

EEC butter stock growth slows down

THE RATE of increase in EEC butter stocks held by intervention stores is slowing, though the total last month of 1,246m tonnes is a record. The latest figure shows a 12,000-tonne rise on July, a marked decline in the rate of rise which was running at 60,000 tonnes a month earlier this year.

European Commission officials hope this month's outcome may show a zero rise or even a slight fall.

A SHORTAGE of available supplies pushed up the September delivery position on the London cocoa futures market yesterday by \$61 to \$2,296 a tonne. The December position was up \$11.50 only, at \$1,978.5.

TIN PRICES dropped sharply on the London Metal Exchange yesterday following the rise in the value of sterling and absence of support buying by the buffer stock of the International Tin Council. Standard grade cash tin closed \$105 lower at \$8,295 a tonne.

JAPAN PLANS to import a total 850,000 tonnes of Indonesian nickel ore from this June to next May, Antara News Agency said in Jakarta. It will also import 4m tonnes of Indonesian coal over the five years starting this year.

POLAND EXPECTS to produce 1.8m tonnes of sugar following this year's sugar-beet harvest, said Mr Antoni Kubza, Sugar Producers Federation chairman. This compares with last year's 1,980,000 tonnes. Sugar exports last year totalled 286,000 tonnes, 56 per cent to hard-currency customers. Sales abroad this first half reached 126,000 tonnes.

NEW ZEALAND LAMB will be promoted in a major sales campaign through UK independent and multiple outlets, backed by an above-and-below-the-line budget of \$60,000, starting today.

SALMON TREATY negotiations will resume between Canada and the U.S. in December,

Penalties imposed for sowing too much grain

AFTER ATTENDING the Agricultural Supply Trades (Ukasta) harvest lunch this week I thought back to a wise old man who used to tell me the basis of successful marketing was to offer just a little less than demand.

This is absolutely paramount as a commercial philosophy and is one which farmers have tended to forget in the euphoria of EEC membership. This until the sudden imposition of milk quotas encouraged everyone to produce to the limit.

Even when dairy-farmers had their shock, those of us producing grain imagined that, with our costs of production aligning with the market, we would be able to sell on the world market independently of subsidies and all the propprium that subsidies call down on those who enjoy them.

Now, however, the bluff has been called. We have been told the harvest has exceeded the widest expectations with a total of 26m tonnes. This is Ukasta's own forecast and is 1m tonnes above that of the ministry.

According to Ukasta it will

mean a surplus of 10m tonnes of grain either for export or for sale into intervention. Traders present did not seem to show any enthusiasm to get out on the world market and sell. French competition was sealing off the best outlets and this competition is lubricated by credit guarantees unavailable here.

Intervention is an option but with a delay of at least 140 days before payment, it did not seem to be much good for the over-shouldered farmer.

Millers and malsters, who a few months ago were bemoaning the reducing acreage of the wheat and barley they favour, are full up with offers of high-quality grain and are bidding appropriately for it. Prices for what they desire to take an interest in.

In these circumstances it is difficult for the farmer to sell his grain and even more difficult to know what to plant to harvest next year.

It has been a shattering

thought that more than a third of the harvest is surplus to a viable demand even on the projected EEC market. It has been, of course, a remarkable season. Every seed, especially of wheat, climatic factors must have been just right.

I had two fields of the same variety of barley. One yielded

2.2 tonnes an acre, was sold for making and will come to £260 an acre. The other was on land of better fertility, yielded just under 2 tonnes an acre and came to £200 an acre. But it failed the malting test.

I am rather foolish to grow barley at all and do so only because I was conditioned in my youth that it was sinful to grow wheat more than once in four years.

I now grow two succeeding wheat crops, followed by two or three of barley and then a break for grass but the wheat is always much more profitable.

Many farmers now without my youthful inhibitions seem to grow successive wheat crops with impunity. I stress the im-

punity because I too tried growing continuous wheat years ago only to find it to be decimated by disease.

This was before the days when plant-breeders produced resistant strains of cereals and fungicides now said to make wheat monoculture safe.

I don't believe it. I am, however, forced to admit when looking over the fence at some results of these techniques, that I could be wrong. I'm hungry trying to imitate them.

Moreover, it is essential I should, because, in general, wheat, particularly the coarse non-quality wheat, yields so much more than barley or anything else, even at lower prices that I would be foolish not to jump on the bandwagon.

Farmers are seized with the same irresistible urge as that which destroyed the Gadarene Swine in the Scriptures—caught and more for less and loss because everyone else is doing so.

In a movement to produce more, their only epitaph could be that, like the Gadarene Swine, it seemed to them to be a good idea at the time.

Farmer's Viewpoint: by John Cherrington

U.S. issues more than \$1.7bn in export guarantees

BY NANCY DUNNE IN WASHINGTON

INTRE past month the U.S. Department of Agriculture has announced a series of export credit guarantees totalling \$1.7bn to help U.S. exporters to combat the debilitating effect of the strong dollar on sales.

The guarantees, which underwrite up to 98 per cent of the purchase price of commodities, will be available after September 15, 1984. They were announced before the Administration has given final approval to the USDA budget, the department has handed out more than a third of the \$4.5bn allocated in the past fiscal year.

With its largest guarantee of \$700 million, it will be able to unload

\$500m worth of wheat on Brazil. A \$50m guarantee for Chile is mostly for wheat purchases worth \$45m for feed grains and \$500,000 animal milk replacer in turkey.

Turkey secured \$170m in guarantees with \$81m for wheat, \$70m for feed grains, \$17m for soyabean and soybean meal and \$1m for planting seeds. Pakistan received a guarantee for vegetable oil purchases.

The U.S. is also anxious to boost cotton sales. Exports to South Korea will be backed by \$482m in guarantees with \$270m for cotton and \$110m for wheat. Portugal received \$447m in guarantees, with \$5m for cotton and \$80m for feed grains.

Hungary will receive a \$31m guarantee for various agricultural products including cotton and vegetable protein meals.

Meanwhile Mr John Block, Secretary of Agriculture, last week defended the ungenerous (10 per cent setaside) programme given to U.S. feed grains producers for next year.

Feed grains stocks, he said, were 53 per cent, 43 per cent and 39 per cent for wheat, rice and upland cotton.

Though USDA expects record world coarse grain production this year, generally reduced stocks going into the year will limit the increase in supplies. Total world supplies this year will be

about 4 per cent below 1982, he said.

Equally important, said Mr Block, the U.S. was gaining back a significant share of the Soviet market, which in this marketing year could exceed the previous record of 15.5m tonnes sold to the Soviet Union.

He said: "Under these conditions it seems only prudent to implement a 1985 feed-grain programme that would provide protection for feed-grain producers and livestock producers while ensuring the supplies needed to meet export demand."

Producers of wheat, cotton and rice will all receive cash payments for participating in the department's acreage set-aside programme.

EEC seeks curb on Brazilian maize gluten feed

BY JOHN BUCKLEY

THE EEC is reported to have requested a limit on imports of maize gluten feed from Brazil, according to U.S. trade officials. They say similar proposals were made to curb U.S. exports of the animal-feed ingredient to the EEC, which last year imported a total of 3.9m tonnes.

A ceiling has been proposed on Brazilian sales, equating to nearly 2 per cent of total EEC imports. This will be slightly above the 60,000 tonnes Brazil shipped to the Netherlands.

Traders in London note that maize has recently become attractively priced against competing soya meal.

Further bid to sell EEC grain to Soviet Union

BY IVO DAWNAY IN BRUSSELS

APPLICATIONS for licences to sell 3.8m tonnes of wheat to the Soviet Union and China were made yesterday to the European Commission.

It is the first time for many years that such a bid has been made without recourse to any export subsidies or special support funds from the EEC.

There remains a strong possibility, however, that contractors seeking licences will fail to submit a cost-return contract for the sales within the next

seven days when the applications expire.

Last week the commission accepted bids for export licences for more than 5m tonnes of wheat without export subsidies but with soem storage support.

When, however, the expiry period was up, no firm orders had been received and provisional licences were automatically revoked.

To halt speculation, commission officials introduced "negative corrective" measures

PRICE CHANGES

In tonnes unless stated otherwise	Sept. 27, 1984	Change	Month ago
Metals			
Aluminium	£1100	+10	+1100
Copper	\$188 1/4	+2 3/4	\$177 1/2
Gold	£1039.5	+4.75	£1044.5
Lead	\$212.25	-2 1/2	\$214.75
Iron ore	£13.95	+0.05	£14.00
Nickel	\$138.25	+0.75	\$137.50
Palladium	£119.50	-0.50	£120.00
Platinum	£525.25	-1.75	£527.00
Quartz	\$56.50	-0.50	\$57.00
Silver	\$510.00	+1.50	\$508.50
Tin	\$115.00	+1.00	\$114.00
Zinc	\$115.00	+1.00	\$114.00
Wool	\$190.00	-0.50	\$190.50
Zirconium	\$115.00	+1.00	\$114.00

In tons unless stated otherwise	Sept. 27, 1984	Change	Month ago
Oil			
Celexus (Phillips)	\$1800	+100	\$1700
Lineas	£800	+10	£790
Paoli	\$1650	+10	\$1640
Petrol	\$84.50	-0.50	\$85.00
Seeds			
Barley	\$1109.95	+0.05	\$1109.50
Brazil	\$115.00	-0.50	\$115.50
Wheat	\$1109.95	+0.05	\$1109.50
Wool	\$190.00	-0.50	\$190.50
Wheat	\$1109.95	+0.05	\$1109.50

BRITISH COMMODITY PRICES

BASE METALS		
Aluminium	£1100	+10
Copper	\$188 1/4	+2 3/4
Gold	£1039.5	+4.75
Lead	\$212.25	-2 1/2
Iron ore	£13.95	+0.05
Nickel	\$138.25	+0.75
Palladium	£119.50	-0.50
Platinum	£525.25	-1.75
Quartz	\$56.50	-0.50
Silver	\$510.00	+1.50
Tin	\$115.00	+1.00
Zinc	\$115.00	+1.00
Wool	\$190.00	-0.50
Zirconium	\$115.00	+1.00

COPPER		
High Grade	£104.5	+1.0
Low Grade	£103.5	+1.0
Standard	£102.5	+1.0
Special	£101.5	+1.0
Unrefined	£100.5	+1.0
Refined	£99.5	+1.0
Cast	£98.5	+1.0
Sheet	£97.5	+1.0
Wrought	£96.5	+1.0
Old	£95.5	+1.0
Young	£94.5	+1.0
Wire	£93.5	+1.0
Roofing	£92.5	+1.0
Boards	£91.5	+1.0
Flats	£90.5	+1.0
Rails	£89.5	+1.0
Pipes	£88.5	+1.0
Valves	£87.5	+1.0
Castings	£86.5	+1.0

COTTON		
High Grade	£945.5	+5.5
Low Grade	£935.5	+5.5
Standard	£925.5	+5.5
Special	£915.5	+5.5
Unrefined	£905.5	+5.5
Refined	£895.5	+5.5
Cast	£885.5	+5.5
Sheet	£875.5	+5.5
Wrought	£865.5	+5.5
Old	£855.5	+5.5
Young	£845.5	+5.5
Wire	£835.5	+5.5
Roofing	£825.5	+5.5
Boards	£815.5	+5.5
Flats	£805.5	+5.5
Rails	£795.5	+5.5
Pipes	£785.5	+5.5
Valves	£775.5	+5.5
Castings	£765.5	+5.5

AMERICAN MARKETS

NEW YORK		
Aluminium	40.00 lb. cents/lb.	
Copper	34.00 lb. cents/lb.	
Gold	1039.50	
Iron	13.95	
Nickel	138.25	
Palladium	119.50	
Platinum	525.25	
Quartz	56.50	
Silver	510.00	
Tin	115.00	
Zinc	115.00	
Wool	190.00	
Zirconium	115.00	

LONDON OIL		
Crude oil	£18.95	-0.05
Gas oil	£15.25	+0.05
Heating oil	£15.25	+0.05
Kerosene	£15.25	+0.05
Aviation	£15.25	+0.05

SPOT PRICES		
Crude oil	£18.95	-0.05
Gas oil	£15.25	+0.05
Heating oil	£15.25	+0.05
Kerosene	£15.25	+0.05
Aviation	£15.25	+0.05

GOLD MARKETS		
Gold	£1039.5	+4.75
Silver	\$510.00	+1.50

EUROPEAN MARKETS		
Gold	£1039.5	+4.75
Silver	\$510.00	+1.50

MEAT/FISH

MEAT COMMISSION		
Beef	48.00	+1.00
Lamb	52.00	+1.00
Pork	38.00	+1.00
Poultry	22.00	+1.00
Seafood	15.00	+1.00

INDICES		
CRUDE OIL	18.95	-0.05
HEATING OIL	15.25	+0.05
KEROSENE	15.25	+0.05
AVIATION	15.25	+0.05

GAS OIL FUTURES		
Gas oil	£15.25	+0.05
Heating oil	£15.25	+0.05
Kerosene	£15.25	+0.05
Aviation	£15.25	+0.05

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases in thin trading

The dollar lost ground in currency markets yesterday in nervous trading. The proximity of the month end which coincided with the end of the quarter and half year contributed to a reduction in trading volume.

Sterling showed a firmer trend overall with its index closing at 76.7 up from a low of 76.4 in the afternoon on 27th. The day's trading was dominated by the rise to \$1.2485, an improvement of 43 points. It was weaker against the D-mark however at DM 3.7050 from DM 3.7800 and PFR 11.5975 from PFR 11.7450.

dispute between the NCB and supervisory workers. D-MARK - Trading range against the dollar in 1984 is 3.1265 to 2.5535. August average 2.8620. Trade weighted index 127.9 six months ago.

A number of U.S. banks followed the recent cut by Morgan Guaranty in its prime rate to 12 1/2 per cent from 13 per cent but the effects of this were countered to some extent by a higher Federal funds rate of 10 1/2 per cent and the absence of the Federal Reserve Board.

There had been hopes of the authorities endorsing the recent softer trend by adding reserves to the system. The dollar closed at DM 3.0580 from DM 3.0490 and SwFr 2.4975 from SwFr 2.5075. It was also lower against the Japanese yen at ¥244.60 from ¥245.00 and PFR 9.2850 compared with PFR 9.3750. On Bank of England figures the dollar's index fell from 142.4 to 140.9.

Changes are for Ecu, therefore positive change denotes a weak yen. Adjustment calculated by Financial Times.

STERLING EXCHANGE RATE INDEX

Table showing Sterling Exchange Rate Index for various currencies (U.S., D-Mark, etc.) with columns for 'Sept 27' and 'Previous'.

Table showing EMS European Currency Unit Rates for various currencies (Belgian Franc, Danish Krone, etc.) with columns for 'Sept 27' and '% change'.

Prices firm

Prices were generally firmer in the London International Financial Futures Exchange yesterday. The U.S. Treasury bond opened firmer and maintained levels during the morning.

Table showing London prices for various currencies (U.S. Treasury Bonds, etc.) with columns for 'Close', 'High', 'Low', 'Prev'.

FINANCIAL FUTURES

Prices were generally firmer in the London International Financial Futures Exchange yesterday. The U.S. Treasury bond opened firmer and maintained levels during the morning.

Table showing Chicago prices for various currencies (U.S. Treasury Bonds, etc.) with columns for 'Close', 'High', 'Low', 'Prev'.

THE POUND SPOT AND FORWARD

Table showing Pound Spot and Forward rates for various currencies (U.S., D-Mark, etc.) with columns for 'Sept 27', 'Days spread', 'Close', 'One month', etc.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table showing Dollar Spot - Forward Against Dollar rates for various currencies (U.K., Ireland, etc.) with columns for 'Sept 27', 'Days spread', 'Close', 'One month', etc.

OTHER CURRENCIES

Table showing Other Currencies rates for various currencies (Argentina, Brazil, etc.) with columns for 'Sept 27', 'Close', 'Note Rates'.

CURRENCY MOVEMENTS

Table showing Currency Movements for various currencies (Sterling, U.S. dollar, etc.) with columns for 'Bank of England', 'Morgan Guaranty', etc.

CURRENCY RATES

Table showing Currency Rates for various currencies (U.S. dollar, D-Mark, etc.) with columns for 'Bank of England', 'Morgan Guaranty', etc.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies (Pound Sterling, U.S. Dollar, etc.) with columns for 'Sept 27', 'Close', 'Note Rates'.

EURO CURRENCY INTEREST RATES

Table showing Euro Currency Interest Rates for various currencies (Sterling, U.S. Dollar, etc.) with columns for 'Sept 27', 'Close', 'Note Rates'.

MONEY MARKETS

UK clearing banks' base lending rate 10 1/2 per cent (since August 20). The Bank of England forecast a shortage of around £20bn with factors affecting the market including maturing assistance and a take up of Treasury bills.

London rates ease in quiet trading

UK interest rates were a little easier yesterday in rather relaxed trading. The dollar was confined to a relatively narrow range and sterling showed an overall improvement. Three-month interbank money eased to 10 1/2-10 3/4 per cent.

London money rates

Table showing London Money Rates for various currencies (Overnight, One month, etc.) with columns for 'Sept 27', 'Close', 'Note Rates'.

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing rates for various currencies (One month, Two months, etc.) with columns for '11.00 am, Sept 27', '3 months U.S. dollar', etc.

Discount Houses Deposit and Bill Rates

Table showing Discount Houses Deposit and Bill Rates for various currencies (Sterling, U.S. Dollar, etc.) with columns for 'Sept 27', 'Close', 'Note Rates'.

MONEY RATES

Table showing Money Rates for various currencies (New York, London, etc.) with columns for 'Sept 27', 'Close', 'Note Rates'.

WORLD VALUE OF THE DOLLAR

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, September 27, 1984. The exchange rates are based on the Bank of America and its subsidiaries.

Large table showing World Value of the Dollar with columns for 'COUNTRY', 'CURRENCY', 'VALUE OF DOLLAR'.

DEAN WITTER REYNOLDS COMMODITIES LIMITED. are now trading under a new name: DEAN WITTER FUTURES LIMITED. 56 Leadenhall Street, London EC3A 2BH. Tel: 01-481 3394.

Personal. A FEW DAYS IN GUERNSEY COULD GIVE YOUR BUSINESS A BREAK. In today's business world there are times when you need to get away from it all, to think and to talk to your colleagues in private.

Phab. PHYSICALLY HANDICAPPED AND ABLE BODIED. MAY WE TELL YOU SOMETHING ABOUT PHAB. It is bad enough being handicapped without being lonely as well. PHAB is a marvelous idea. It integrates the young and disabled with the young and able by means of jointly run Social Clubs and holidays.

CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

ICI breaks ground in Eurosterling sector

BY MAGGIE URRY IN LONDON

THE Eurosterling bond market saw two new issues launched yesterday - still a rare event. ICI made the greater impact, with a £75m convertible bond, the first for a UK company. Lead manager is J. Henry Schroder Wagg, with S. G. Warburg as co-lead, the issue has a 15 year life and an 8 1/2 per cent coupon.

BHF Bank bond average table with columns for date, price, and change.

Only one new issue appeared in the sector, Bankers Trust New York tapped the market for \$150m, through a five year bond with a 12 1/2 per cent coupon and a 9 1/2 issue price.

The issue proved extremely popular, trading up to 10 1/2 bid. The other issue, for Investors in Industry, was also a success, and lead manager S. G. Warburg increased the size from \$50m to \$75m within hours. This is a floating rate note, with a 10 year life and paying 1/4 per cent over the three-month London interbank offered rate (Libor).

The proceeds are believed to be swapped into floating rate funds. The issue traded comfortably inside the total fees of 1 1/2 per cent, about a 1 1/2 point discount to issue price. In the Swiss franc market Citicorp Bank (Switzerland) privately placed a SwFr 150m issue for the National Provident Board of New Zealand. The issue is guaranteed by the New Zealand Government.

British building society issues £25m in CDs

BY DAVID LASCELLES IN LONDON

THE HALIFAX, Britain's largest building society, has begun to look for long-term money in the UK wholesale money markets, where large building societies have been allowed to raise funds last year.

The facility was managed, underwritten and placed with a number of bank and non-bank institutions by Gervard & National, the discount house. Mr Derek Taylor, general manager in the Halifax's finance division, said the society was keen to extend the maturity of its wholesale funding to bring it closer to the natural life of its mortgages.

WEEKLY U.S. BOND YIELDS (%) table with columns for date, yield, and change.

The list shows the 300 latest international bond issues for which an adequate secondary market exists. The following are closing prices for September 27.

Large table of international bond issues with columns for issuer, amount, price, and change.

Table of other financial data including various bond prices and yields.

OVER-THE-COUNTER

Table of over-the-counter securities with columns for stock name, price, and change.

Table of convertible bonds and other financial instruments.

Advertisement for Credit National \$250,000,000 Extendible Floating Rate Notes Due 1996. Includes logo, text describing the notes, and contact information for Salomon Brothers Inc, Goldman Sachs & Co, Kidder Peabody & Co, Merrill Lynch Capital Markets, and Morgan Stanley & Co.

Table of stock prices and indices for various companies and markets.

Table of financial indices including NEW YORK-DOW JONES, STANDARD AND POORS, and NYSE ALL COMMODITIES.

Handwritten text at the bottom of the page: محمد احمد الصل